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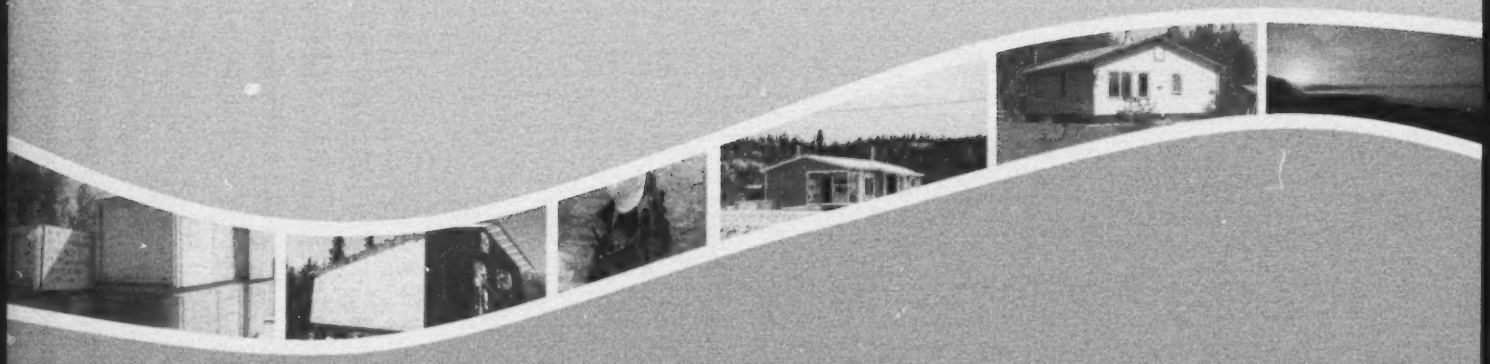
Northwest Territories Housing Corporation Annual Report 2013/2014



NORTHWEST TERRITORIES
HOUSING CORPORATION

Northwest Territories Housing Corporation Annual Report 2013/2014

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MESSAGE FROM THE MINISTER

One of the five priorities identified by the 17th Legislative Assembly was to address housing needs. The actions of the NWT Housing Corporation are being guided by Building for the Future, our strategic plan, and the priorities of the 17th Legislative Assembly.

Our approach to housing strengthens self-reliance and supports residents in meeting their own shelter needs, while recognizing the importance of housing in supporting community sustainability, contributing to efforts to reduce poverty, and reflecting the linkages between housing and education and health issues. These challenges need to be addressed in the context of declining federal funding for operating and maintaining social housing in the Northwest Territories.

This year, the NWTHC improved its management of the Public Housing Program with the introduction of new information management systems, increased emphasis on support for the LHOs and continued investment to improve the quality of our public housing stock. This increased focus in improving the quality of our public housing stock, meant an emphasis on major retrofits to numerous units and important investments in community infrastructure through the replacement of aging public housing.

The NWTHC has also taken noteworthy steps to support home ownership in the Northwest Territories. The NWTHC provided significant funding to support home ownership and repairs of private homes. As part of these steps, we introduced a new emergency repair program, and modified our preventative maintenance program and subsidy to support the home purchases.

The NWTHC continued its work to expand the level of market housing in communities to improve the availability of units for rent by community workers and critical front-line staff. It also funded the Transitional Rent Supplement Program, which provides support to reduce the affordability problems and core need among residents in market rentals in larger centres.

Through the administration of the Homelessness Assistance Fund and the Small Community Homelessness Fund, the NWTHC provided support to persons experiencing homelessness and to community groups implementing projects to address homelessness.

In summary, the NWTHC was active in all areas of the housing continuum, helping to improve the housing situations of northern residents to provide them the stability required to meet their aspirations

Robert McLeod

The Honourable Robert C. McLeod
Minister Responsible for the Northwest Territories Housing Corporation

MESSAGE FROM THE PRESIDENT AND CEO

This year we have continued our efforts to address the unique and multifaceted housing challenges across the Northwest Territories (NWT) by providing responsive housing programming to NWT residents along the entire housing continuum from homelessness to homeownership. We are doing this by following the priorities derived through community engagement and identified in our strategic plan, Building for the Future.

Public housing continues to be the largest program offered by the NWTHC. It involves the operation of approximately 2,400 units across the territory and an investment of over $45 million in 2013-14. In this fiscal year, the NWTHC has introduced new information management systems, increased emphasis on support for the local housing community organizations, and continued investment to improve the quality of our public housing stock.

The NWTHC has also spent over $5.2 million in 2013-14 on homeownership capital delivery, including new construction and repairs to existing assets. We have introduced SAFE, a new emergency repair program, and made changes to our CARE preventative maintenance program for low-income homeowners. Changes were also made to PATH, our subsidy to support home purchases by making it accessible all year round.

In response to the need for housing for critical staff across the NWT, the NWTHC has taken steps to standardize rental rates in our own market rental units and to ensure that all available affordable housing units are occupied whenever possible.

In keeping with our goal to enhance the long-term sustainability and energy efficiency of our housing assets, the NWTHC received $700,000 in GNWT Energy Priority Initiatives funding to install high energy efficient biomass boilers in multi-unit public housing complexes and to perform other energy upgrades.

In relation to homelessness, the NWTHC administers the Homelessness Assistance Fund and the Small Community Homelessness Fund. The $325,000 for these two funds provides support and direct assistance to residents who are homeless or at risk of homelessness, and funds projects in smaller NWT communities that address issues related to homelessness in these communities.

In closing, I would like to say that the work that we are committed to engage in would not be possible without the dedication of the NWTHC staff, community agencies, and the participation of our residents. The NWTHC will continue to strive towards meeting the housing needs of our most vulnerable residents while continuing to foster independence and self-reliance.

Mr. David Stewart
President and CEO
Northwest Territories Housing Corporation

CORPORATE PROFILE

Mission Statement

The Northwest Territories Housing Corporation provides access to adequate, suitable, and affordable housing. Through the provision of housing programs and services, the NWTHC contributes to the health and education of NWT residents and to the development of sustainable, vibrant and safe communities.

Goals:

- Increase the supply of adequate, suitable and affordable housing in communities to address the housing needs of NWT residents;
- Acquire and plan for sufficient land for the purpose of providing affordable housing;
- Provide homeownership and rental programs and services that are effective and appropriate;
- Enhance the long-term sustainability and energy efficiency of housing in the NWT, and;
- Promote personal responsibility and accountability for housing through community-based training and support.

CORPORATE STRUCTURE

Corporate Summary

The Northwest Territories Housing Corporation provides affordable housing programs and services including subsidized rental and homeownership programs (including purchase and repairs), as well as, unsubsidized rental housing in rural and remote communities. Policy and program development play a key role in creating responsive programs to address the core housing need of NWT residents and promote self-reliance. The NWTHC incorporates energy-efficient technologies in its housing designs and in the retrofitting of housing to improve their sustainability and energy efficiency. The NWTHC continues to work in partnership with the Canada Mortgage and Housing Corporation to cost-share the development and improvement of housing infrastructure across the NWT. At the community level, the NWTHC partners with Local Housing Organizations (LHOs), and municipal and Aboriginal governments, to manage and administer public housing in 30 communities.

Branches

The Executive, comprised of the President's Office and the Strategic Planning, Policy and Communications Section coordinates the implementation of the direction of the government related to housing.

> **President's Office** – The President's Office is responsible for supporting the Minister Responsible for the NWTHC, leading the senior management team, and providing overall management and leadership of the NWTHC.

CORPORATE STRUCTURE

Strategic Planning, Policy and Communications – The Strategic Planning, Policy and Communications Section provides support with regard to long-term strategic direction and planning for the NWTHC. This Section is also responsible for strategic and business planning, policy development, homelessness initiatives, qualitative and quantitative research, and corporate communications. This section represents the NWTHC on a Federal/ Provincial/Territorial (FPT) level, on interdepartmental working groups, and on other committees.

Finance and Infrastructure Services – Finance and Infrastructure Services is comprised of the Finance and Administration Division, Infrastructures Services Division, Financial Planning Section and Information Services Section. Through these units, Finance and Infrastructure Services manages and administers the NWTHC's financial services, capital planning, land acquisition and planning, information services, asset management and capital infrastructure delivery.

Finance and Administration Division - The Finance and Administration Division is responsible for the overall financial affairs of the NWTHC and Local Housing Organizations. This includes the provision of accounting services, reporting and monitoring, treasury services, mortgage administration, and providing financial advice to senior management and stakeholders. The Finance and Administration Division also manages the NWTHC's own source revenues and funding from the Canada Mortgage and Housing Corporation under the Social Housing Agreement. The Division also provides ongoing subsidy assistance and operational support to various third-party non-profit housing organizations outside of the Public Housing Program.

The Financial Planning Section - The Financial Planning Section is responsible for the coordination of the development of plans for capital infrastructure and minor capital projects, corporate budget development, project and budget change management and variance analysis.

The Information Services Section - The Information Services Section utilizes information management tools and methodologies to support the business processes of the NWTHC and its community partners. The Section develops NWTHC-specific information tools as well as systems training that are critical to the delivery of housing programming.

The Infrastructure Services Division - The Infrastructure Services Division is in control of the overall development, design and procurement, planning and delivery of capital infrastructure projects in support of the NWTHC's rental and homeownership programs. This Division also plans, procures, and administers suitable land for the delivery of housing programs and ensures the security of NWTHC assets and mortgage interests. Infrastructure Services is also responsible for the maintenance management of the NWTHC's public housing portfolio in order to ensure its long-term sustainability. The Divison provides technical assistance in the development of new housing programs and supports the District Offices in the delivery of the Contributing Assistance for Repairs & Enhancements (CARE) and Securing Assistance For Emergencies (SAFE) programs in collaboration with private homeowners to determine their repair needs and develop scopes of work. Additionally, Infrastructure Services is the NWTHC's lead on issues related to energy efficiency and new housing technologies.

CORPORATE STRUCTURE

Programs and District Operations - Programs and District Operations provides corporate support and oversight to the NWTHC's five District Offices in the delivery of programs and services to the residents of the NWT. This includes the development, implementation, training, monitoring, and delivery of programs and initiatives that optimize the NWTHC's responsiveness to housing needs in the NWT, ensuring a continuity of approach to program delivery and implementation.

The Programs Section - Programs works closely with district and community housing providers, Local Housing Organizations, to ensure compliance with existing policies and procedures, as well as, developing and updating operational policies. This Section also ensures that District Offices and LHOs have the support and capacity required to effectively deliver the NWTHC's programs and services.

District Offices - District Offices support communities in program and service delivery. District Offices are responsible for the administration of district capital activities and program delivery. They also play a pivotal role in lands acquisition and development, maintenance, training, and work closely with stakeholders at the community level. Guidance is provided to LHOs and NWT residents to identify options and programming to assist individuals in decision making regarding their housing needs. An important component of the relationship between District Offices and clients are the services related to mortgage advice and counseling as well as services provided to clients under the Homeownership Entry Level Program (HELP) designed to prepare them for future homeownership.

Beaufort-Delta District Office:
This District Office supports the communities of: Aklavik, Fort McPherson, Inuvik, Paulatuk, Sachs Harbour, Tsiigehtchic, Tuktoyaktuk and Ulukhaktok.

Sahtu District Office:
This District Office supports the communities of: Colville Lake, Deline, Fort Good Hope, Norman Wells and Tulita.

North Slave District Office:
This District Office supports the communities of: Behchoko, Dettah/N'dilo, Gameti, Lutsel K'e, Wekweeti, Whati and Yellowknife.

South Slave District Office:
This District Office supports the communities of: Enterprise, Hay River, Hay River Reserve, Kakisa, Fort Providence, Fort Resolution and Fort Smith.

Nahendeh District Office:
This District Office supports the communities of: Fort Liard, Fort Simpson, Jean Marie River, Nahanni Butte, Trout Lake and Wrigley.

CORPORATE STRUCTURE

Local Housing Organizations (LHOs) – LHOs, operating as agents of the NWTHC, are responsible for the administration of affordable housing rental units in the majority of communities across the NWT. This includes public housing units developed under the Social Housing Agreement between the NWTHC and the Canada Mortgage and Housing Corporation. The Public Housing Program is a rental program designed for individuals and families who do not have the financial resources to access shelter on their own. The NWTHC, in partnership with 21 LHOs, and community organizations, administers approximately 2,400 social housing units in 30 communities across the NWT. The LHOs, under agreement with the NWTHC, provide property management services including the allocation of units, the assessment of rent, the collection of rents, and the provision of preventative and demand maintenance services. LHOs have an advisory board that oversees its operations. The NWTHC's district offices are responsible for these operations in communities where an LHO has not been established.

The following is a list of all LHOs:

- Aklavik Housing Association
- Behchokö Ko Gha K'àodèe
- Deline Housing Association
- Fort McPherson Housing Association
- Fort Providence Housing Association
- Fort Resolution Housing Authority
- Fort Simpson Housing Authority
- Fort Smith Housing Authority
- Hay River Housing Authority
- Inuvik Housing Authority
- Lutsel K'e Housing Authority
- Norman Wells Housing Authority
- Paulatuk Housing Association
- Radilih Koe Housing Association
- Sachs Harbour Housing Association
- Tsiigehtchic Housing Association
- Tuktoyaktuk Housing Association
- Tulita Housing Association
- Ulukhaktok Housing Association
- Yellowknives Dene Band Housing Division
- Yellowknife Housing Authority

NWTHC PROGRAMS

In the GNWT's strategic plan, Northerners Working Together, one of the priorities outlined is the goal of achieving sustainable, vibrant and safe communities. The NWTHC's programs are essential pieces in supporting the GNWT's efforts to improve the quality of life for its residents. Our programs and services facilitate access to housing that NWT residents can afford, that meets suitability standards, and is adequate to meet residents' needs. In addition, our programs and services should provide easy access for clients and promote greater personal responsibility for housing through community-based training and support.

Public Housing

The Public Housing Program provides income-based subsidies for the rental of housing for residents in need. The NWTHC provides financial, administrative, maintenance, construction and repair support to its community partners who deliver the program on behalf of the NWTHC. The NWTHC utilizes management/services agreements with LHOs or community services organizations to manage its affordable housing portfolio. Currently, the NWTHC operates approximately 2,400 public housing units, which are managed by LHOs and community organizations, located in 30 communities throughout the NWT.

Market Housing

The NWTHC owns 93 and leases 16 market housing units, that it rents to critical staff in non-market communities.

Additionally, there are 21 other market housing units that receive funding from the NWTHC. These units are owned and operated by community governments or organizations to meet the housing needs of education and health care professionals. The funding received from the NWTHC is to assist with the continued operation and maintenance of those units to provide accommodation to professionals in the community.

Transitional Rent Supplement Program

On September 1, 2012, the NWTHC launched a new rent assistance program call the Transitional Rent Supplement Program (TRSP). The TRSP is designed to provide short-term support to Northwest Territories residents who pay more than 30% of their household income towards rent in private market rentals. This program fills an important gap in assisting working families challenged by affordability issues.

Homeownership

The NWTHC provides an opportunity for NWT residents to access government support through its *Housing Choices* programming for the purchase of a modest private home, repair their homes to ensure a safe and healthy residence and to increase the useful economic life of their home, or access a rental program that allows them to experience the commitments required to be a successful homeowner.

NWTHC PROGRAMS

The simplified structure of the five *Housing Choices* programs offers flexible delivery options to NWT residents and also meets the needs of seniors, and those with accessibility challenges. *Housing Choices* uses education and counselling to help residents in becoming successful homeowners.

This year, program application intake changed to a year-round intake to better provide timely supports to residents in need. These one-on-one discussions between residents and staff of the NWTHC is necessary in order to explore program requirements, help individuals in identifying their housing needs and to determine the program that will best fit an individual's or a household's needs.

The following housing programs help us to achieve our goals to improve housing in the NWT.

The programs offered through *Housing Choices* are:

- Solutions To Educate People (STEP)
- Homeownership Entry Level Program (HELP)
- Providing Assistance for Territorial Homeownership (PATH)
- Contributing Assistance for Repairs & Enhancements (CARE)
- Securing Assistance For Emergencies (SAFE)

STEP

STEP provides education and counseling assistance consisting of four courses designed to prepare participants for the responsibilities of homeownership. STEP aims to increase homeownership applicants' financial skills, as well as, their knowledge of the home purchase process, basic home maintenance and repairs.

STEP courses are not only offered to NWTHC applicants and clients, but also to NWT residents at large. Although priority is given to applicants/clients, space permitting, residents are encouraged to sign up for the courses through their District Offices.

HELP

HELP provides assistance to prospective first-time homebuyers. Clients who are not able to secure mortgage financing or are unsure of their responsibilities as homeowners are provided the opportunity to experience homeownership commitments before purchasing a home.

Assistance is provided through a lease on a NWTHC home to eligible applicants. Applicants pay 20% of their gross income toward the lease (rent) payment and shelter costs (power, water delivery, etc). After successfully completing a two-year lease (rental) period the tenants are eligible to receive an equity contribution that would be used towards the purchase of a home.

NWTHC PROGRAMS

PATH

Providing Assistance for Territorial Homeownership (PATH) allows clients the opportunity to become homeowners by assisting in the construction or purchase of a modest home. Clients obtain additional funding from an approved financial institution or other verifiable sources. Assistance levels are determined by a zone approach that provides a level of subsidy to roughly equalize shelter costs for dwellings of a similar age and quality within non-market communities, and range between 5% and 55% of the purchase price or the Maximum Construction Cost (MCC), whichever is less. Applicants with moderate income, but income over the Core-Need Income Threshold (CNIT), will be eligible for 50% of the subsidy. Assistance is provided through a forgivable loan. The forgiveness period of the loan is dependent on the amount of assistance provided.

CARE

CARE assists existing homeowners in making necessary repairs to their home to ensure a safe and healthy residence and to increase the remaining economic life of their home. Additional assistance is available for improving the accessibility of dwellings for persons with disabilities. Assistance from between $10,000 and $90,000 is provided in the form of a forgivable loan to subsidize the cost of preventative maintenance checks, repairs and renovations to ensure that health and safety standards are maintained for their existing home. The forgiveness period is dependent on the amount of assistance being provided.

CARE also provides assistance for preventative maintenance and minor repairs. Clients can apply for up to $3,000 annually and can apply for this support on a year-round basis.

SAFE

Securing Assistance For Emergencies (SAFE) is an emergency repair program. Clients are eligible for up to $10,000 for emergency repairs to their private home to ensure health and safety standards are met, and are able to make applications for SAFE funding at any time. SAFE is designed to assist eligible homeowners with emergency repairs to their private home based on a partnership model (co-payment) between the NWTHC and the homeowner.

NWTHC PROGRAMS

Partnership with Canada Mortgage and Housing Corporation

The NWTHC partners with CMHC for the delivery of federal housing programs. The programs delivered on CMHC's behalf are: the Social Housing Agreement supporting public housing and the Investment in Affordable Housing (2011-2014) involving repair programs. The repair programs are: Home Adaptations for Seniors Independence (HASI), the Homeowner Residential Rehabilitation Assistance Program (RRAP), the Emergency Repair Program (ERP) and the Shelter Enhancement Program (SEP). Access and assistance provided under the CMHC programs follow the policies and program requirements as determined by CMHC.

HASI

The Home Adaptations for Seniors Independence provides financial assistance to clients to carry out minor home adaptations to live independently and safely.

RRAP

The Residential Rehabilitation Assistance Program provides financial assistance to lower-income homeowners needing to repair their homes to a minimum level of health and safety.

ERP

The Emergency Repair Program assists clients with emergency repairs for the safe occupancy of their homes.

SEP

The Shelter Enhancement Program provides financial assistance for repair and improvements to sponsors of shelters for victims of family violence. This could include funding for repair/rehabilitation/improvements to existing shelters to an acceptable level of health, safety and security for occupants and accessibility for persons with disabilities.

NWTHC Program Delivery in a Snapshot

Major and Minor Capital Spending

Overall, the NWTHC provided housing programs at a value of $23,008,000 in fiscal year 2013-2014.

The following chart reports the programs and financial assistance under major and minor capital provided to NWT residents by the NWTHC during fiscal year 2013-2014. The data is presented as a breakdown by regional basis and territorial wide then follows with the amount of approved applications for homeownership programs offered through the NWTHC.

Beaufort-Delta District

Activity	Dollar Value
Public Housing	
Replacement	$2,974,000
Major M&I	$2,178,000
Minor M&I	$1,786,000
Homeownership Programs	
New Units	-
Repair	$1,285,000
Other Capital	$1,260,000
Total	**$9,483,000**

Sahtu District

Activity	Dollar Value
Public Housing	
Replacement	$62,000
Major M&I	$924,000
Minor M&I	$1,259,000
Homeownership Programs	
New Units	$251,000
Repair	$487,000
Other Capital	$31,000
Total	**$3,014,000**

Nahendeh District

Activity	Dollar Value
Public Housing	
Replacement	$413,000
Major M&I	$441,000
Minor M&I	$342,000
Homeownership Programs	
New Units	$446,000
Repair	$904,000
Other Capital	$37,000
Total	**$2,583,000**

South Slave District

Activity	Dollar Value
Public Housing	
Replacement	$114,000
Major M&I	$591,000
Minor M&I	$1,370,000
Homeownership Programs	
New Units	-
Repair	$1,292,000
Other Capital	$35,000
Total	**$3,402,000**

North Slave District

Activity	Dollar Value
Public Housing	
Replacement	$548,000
Major M&I	$1,493,000
Minor M&I	$1,266,000
Homeownership Programs	
New Units	-
Repair	$1,139,000
Other Capital	$35,000
Total	**$4,481,000**

Northwest Territories

Activity	Dollar Value
Public Housing	
Replacement	$4,111,000
Major M&I	$5,627,000
Minor M&I	$6,023,000
Homeownership Programs	
New Units	$697,000
Repair	$5,107,000
Other Capital*	$1,443,000
Total	**$23,008,000**

** Other Capital includes Warehouses, Computers, and Vehicles including purchases allocated to Headquarters.*

NWTHC Program Delivery in a Snapshot

Homeownership Repair Programs

Approved programs offered through the NWTHC in 2013-2014.

Beaufort-Delta District

Program	Number of Programs
CARE (under $3000)	70
CARE (over $3000)	23
PATH	3
HELP	5
SAFE	11
CMHC Programs	4
Totals:	**116**

Sahtu District

Program	Number of Programs
CARE (under $3000)	6
CARE (over $3000)	4
PATH	2
HELP	6
SAFE	5
CMHC Programs	14
Totals:	**37**

Nahendeh District

Program	Number of Programs
CARE (under $3000)	15
CARE (over $3000)	8
PATH	0
HELP	2
SAFE	12
CMHC Programs	22
Totals:	**59**

South Slave District

Program	Number of Programs
CARE (under $3000)	15
CARE (over $3000)	23
PATH	2
HELP	2
SAFE	10
CMHC Programs	16
Totals:	**68**

North Slave District

Program	Number of Programs
CARE (under $3000)	71
CARE (over $3000)	21
PATH	3
HELP	3
SAFE	8
CMHC Programs	7
Totals:	**113**

Northwest Territories

Program	Number of Programs
CARE (under $3000)	177
CARE (over $3000)	79
PATH	10
HELP	18
SAFE	46
CMHC Programs	63
Totals:	**393**

NWTHC Program Delivery in a Snapshot

Public Housing Program

Expenditures for the Public Housing Program in 2013-2014 totaled $45,452,000. The program provides income-based subsidies for the rental of housing for residents in need. The NWTHC provides financial, administrative, maintenance, construction and repair support to community partners so they can deliver Public Housing on behalf of the NWTHC. The NWTHC has signed operating agreements with LHOs to manage the Public Housing portfolio. The operating agreements between LHOs and the NWTHC cover the areas of financial administration, tenant relations and operations and maintenance of Public Housing in the NWT.

Beaufort-Delta District

Public Housing	Results
Number of Units	854
Expenditures	$20,167,661
Tenant Assessed Rent	$2,493,215
Collection Rate	92%

Sahtu District

Public Housing	Results
Number of Units	239
Expenditures	$5,823,452
Tenant Assessed Rent	$628,024
Collection Rate	125%

Nahendeh District

Public Housing	Results
Number of Units	125
Expenditures	$2,401,789
Tenant Assessed Rent	$400,622
Collection Rate	109%

South Slave District

Public Housing	Results
Number of Units	498
Expenditures	$6,884,449
Tenant Assessed Rent	$1,176,723
Collection Rate	93%

North Slave District

Public Housing	Results
Number of Units	633
Expenditures	$10,175,017
Tenant Assessed Rent	$1,720,041
Collection Rate	98%

Northwest Territories

Public Housing	Results
Number of Units	2,349
Expenditures[1]	$45,452,368
Tenant Assessed Rent	$6,418,625
Collection Rate[2]	97%

[1] See Note 13 in Notes to Consolidated Financial Statements. Repairs, Maintenance and Improvement portion of maintenance and other costs and interest on long term debt are not included in above data.

[2] The Collection Rate is calculated using actual collections divided by the Tenant Assessed Rent. Collections includes payments on rental arrears, which may result in collections rates over 100%.

PUBLIC HOUSING UNIT CONDITION RATINGS

Each year, the NWTHC, LHOs, and community agencies, conduct unit condition ratings on NWTHC owned public housing units. This yearly exercise does not apply to units leased from private landlords.

Unit condition ratings provide the NWTHC with valuable information as to the state of its assets. The ratings are one source of information that helps direct the NWTHC on how best to use its scarce financial resources and where best to invest.

The unit condition ratings influence the capital planning process. The yearly capital planning process directs future modernization and improvements (M&I) projects based on the condition of our existing public housing stock. M&Is are done in order to maintain the quality of housing for our tenants.

Condition ratings are also done to determine when older units need to be replaced or scheduled for demolition. In addition, the data collected through the unit condition ratings allow a planned approach to mitigate the financial pressures in the longer term while maintaining our assets in good condition. A systematic walk-through inspection is conducted to complete the condition rating of a unit. A standardized condition rating form is used that lists the components that make up the unit. The condition of each component is documented to assist in prioritizing repairs and estimating their cost.

The NWTHC has also implemented a training, monitoring and reporting process so this annual inspection can be utilized as an opportunity for both quality control in ensuring that all LHOs across the NWT are completing the inspections consistently as per NWTHC guidelines and a training opportunity where required.

Units with low condition ratings undergo a more detailed evaluation. This additional evaluation is to determine whether there exists a cost benefit to investing further dollars to modernize and improve the unit to extend its useful life for a further 15 years. Once the analysis is completed, it may show that the best option may be to dispose of the unit and replace it.

The NWTHC plans for a 50-year life at construction time for its units with two major renovation/repair milestones; the first at 20 years and the second at 35 years. As well, regular maintenance is performed on its public housing assets.

The table provides a snapshot of the condition of the public housing stock for the fiscal year 2013-2014. Unit condition ratings are finalized in the month of October of each year.

PUBLIC HOUSING UNIT CONDITION RATINGS

NWTHC owned Public Housing Unit Condition Ratings for 2013-2014						
	Unit Condition Ratings					
Community	Under 60%	60% to 69%	70% to 79%	80% to 89%	90% to 100%	TOTAL UCRs Completed
BEAUFORT DELTA						
Aklavik	4	10	29	40	46	129
Fort McPherson	2	11	15	34	60	122
Inuvik	3	13	64	68	55	203
Paulatuk	-	2	5	14	36	57
Sachs Harbour	-	-	1	2	18	21
Tsiigehtchic	2	-	2	6	13	23
Tuktoyaktuk	43	46	30	11	33	163
Ulukhaktok	4	2	20	54	11	91
TOTAL BEAUFORT DELTA	*58*	*84*	*166*	*229*	*272*	*809*
NAHENDEH						
Fort Liard	1	1	-	7	13	22
Fort Simpson	-	3	15	39	27	84
Jean Marie River	-	-	-	-	1	1
Nahanni Butte	-	-	-	-	1	1
Trout Lake	-	-	-	-	1	1
Wrigley	-	-	-	5	3	8
TOTAL NAHENDEH	*1*	*4*	*15*	*51*	*46*	*117*
NORTH SLAVE						
Behchoko	25	24	30	29	70	178
Dettah	-	-	-	24	13	37
Gameti	-	2	8	2	5	17
Lutsel K'e	-	4	14	19	2	39
N'Dilo	-	-	1	8	17	26
Wekweeti	-	-	1	1	-	2
Whati	2	7	7	8	1	25
Yellowknife	14	15	28	22	109	188
TOTAL NORTH SLAVE	*41*	*52*	*89*	*113*	*217*	*512*
SAHTU						
Deline	31	23	15	8	11	88
Fort Good Hope	1	1	2	6	30	40
Norman Wells	12	12	3	4	4	35
Tulita	-	6	16	33	19	74
TOTAL SAHTU	*44*	*42*	*36*	*51*	*64*	*237*
SOUTH SLAVE						
Fort Providence	2	3	23	24	57	109
Fort Resolution	2	2	6	23	42	75
Fort Smith	-	3	14	30	99	146
Hay River	-	18	25	22	73	138
TOTAL SOUTH SLAVE	*4*	*26*	*68*	*99*	*271*	*468*
TOTAL ALL DISTRICTS	148	208	374	543	870	2,143

*Note: Approved surplus and pending surplus units have been removed from this summary. UCRs are not completed on units leased from private landlords.

HOMELESSNESS ACTIVITIES

Homelessness is a critical issue across the Northwest Territories, both in Yellowknife and in smaller communities.

In recognition of this need, the GNWT provides a variety of supports along the housing continuum for those that are homeless or at risk of becoming homeless. These can be grouped into the categories of direct homelessness supports, emergency shelters, family violence shelters, transitional housing, and supported living, most of which are partnerships with community organizations.

The Homelessness portfolio transitioned to the NWTHC from the Department of Health & Social Services on April 1, 2012. In support of this new role, the NWTHC has created a Homelessness Coordinator position to administer NWTHC led Homelessness supports, and to coordinate a GNWT wide approach to homelessness.

Although the NWTHC is now the lead on this, GNWT departments that administer social programs are working collaboratively to address homelessness concerns.

The NWTHC delivers two homelessness support programs. The Homelessness Assistance Fund (HAF) provides emergency support such as financial assistance to pay off arrears, or travel assistance to their home communities where supports are available. In 2013-2014, the NWTHC approved 106 HAF applications, and provided over $107,000 in assistance to people who were facing homelessness.

The NWTHC also supports community initiatives aimed at addressing homelessness through the Small Community Homelessness Fund (SCHF). This fund can be accessed by communities outside of Yellowknife for projects to address shelter and support needs for homeless individuals. Our government recognizes that the most effective and sustainable way to address homelessness in communities is to support locally developed initiatives to provide effective solutions to complicated issues.

The Small Community Homelessness Fund can support projects for two purposes:

- Emergency and/or Transitional Shelter Projects for communities whose projects involve having local capacity working in partnership to provide emergency or transitional shelter options for adults.
- Homelessness Support Projects related to addressing community homelessness issues including provision of services such as food programs, transitional support for individuals, supplies to support individuals, fees for accommodation and other projects identified by communities that address their specific needs.

For 2013-2014, 12 projects for SCHF were completed in 9 communities.

The NWTHC also provides support for other projects including transitional housing, emergency shelters, and projects such as the upcoming Betty House, which will provide transitional housing for women and children for which there was a sod turning ceremony in November 2013 to commemorate the start of construction. It is expected to be finalized in the fall of 2014.

Computerized Maintenance Management Software - Web Work

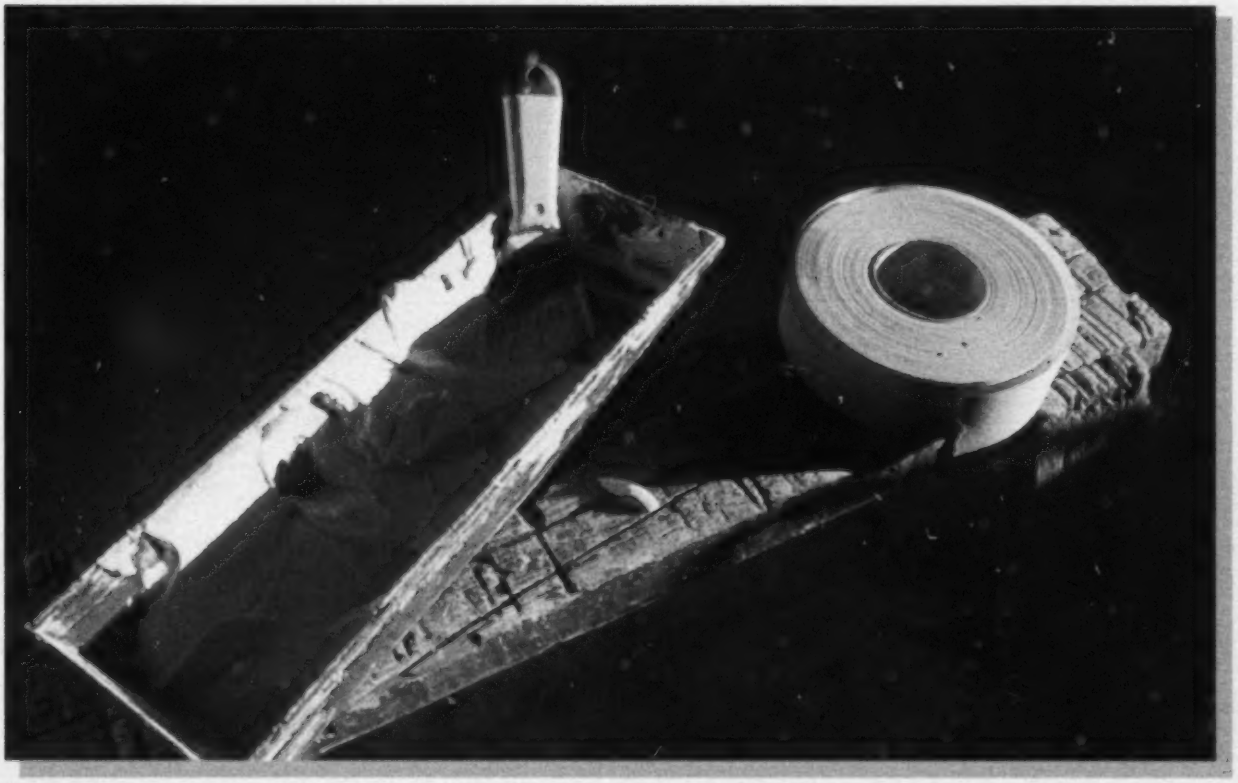
Given the number of assets the NWTHC has, an advanced way of keeping track of all the maintenance over the life of a building is a necessity. The NWTHC takes a proactive approach to continuously repair, maintain and upgrade its real property assets such as public and affordable housing units, warehouses, offices and facilities.

To manage these repairs, the NWTHC has upgraded its maintenance management software to an online centralized version for use by all 21 Local Housing Organizations and 5 District Offices. The centralized maintenance database, Web Work, allows the NWTHC to provide real-time reporting and monitoring on maintenance activities .

This online software assists LHOs and District Offices in recording and tracking the maintenance activities including work orders, purchase orders, stock inventory levels, preventative maintenance schedules, and asset inventory.

Required preventative maintenance work is incorporated into the daily operations of the LHO maintenance teams and is tracked by the computerized maintenance management system.

As of March 31, 2014, all LHOs are fully trained and using the system. The NWTHC recognizes that the new system requires ongoing support to be successful. The NWTHC will continue to support the LHOs by offering additional training where required.



HOMEOWNERSHIP PROGRAM MODIFICATIONS

Here at the NWTHC, we are always striving to improve our programs so they will provide more opportunities for our residents.

Through *Building for the Future - Northern Solutions for Northern Housing*, our strategic framework, the NWTHC identified areas where adjustments could be made to Housing Choices that would provide increased benefits to existing and future clients.

One of the major changes that we made is that applications for our *Housing Choices* Programs can now be made all year long. This has replaced the previous system of annual intake periods, where if the intake period was missed, an applicant would have to wait for another application period to occur.

We have also changed our subsidy approach for the assistance of the purchase of a new home. We now use the same zone approach to group communities as is used for the public housing rent scales which provides a level of subsidy to roughly equalize shelter costs for dwellings of a similar age and quality within non-market communities. Subsidies will be higher in communities with higher cost of living. To use an example, an eligible household in Fort Good Hope would be able to purchase a new home for about $140,000 after receiving a subsidy under PATH. This would mean the client would have approximately $1,500 in monthly shelter costs. This is very similar to the maximum rent charged for public housing clients.

The approach to the subsidy will be different in market communities. Housing supply and development is much different in these communities and risks and benefits related to homeownership are different than in non-market communities. In market communities, the program will focus on providing support to young families and others that want to move from the rental market to become homeowners.

Under PATH we will also be changing our levels of support and eligibility criteria. Under our new system, assistance levels are now determined by zones, and range between 5% and 55% of the purchase price of a home or the Maximum Construction Cost (MCC), whichever is less.

While PATH will continue to focus on those most in need, some support will be provided to households that have income levels somewhat higher than our current income thresholds. Applicants with moderate income, but income over the CNIT, may be eligible for 50% of the subsidy.

Project Profile: Dettah and N'dilo Biomass Project

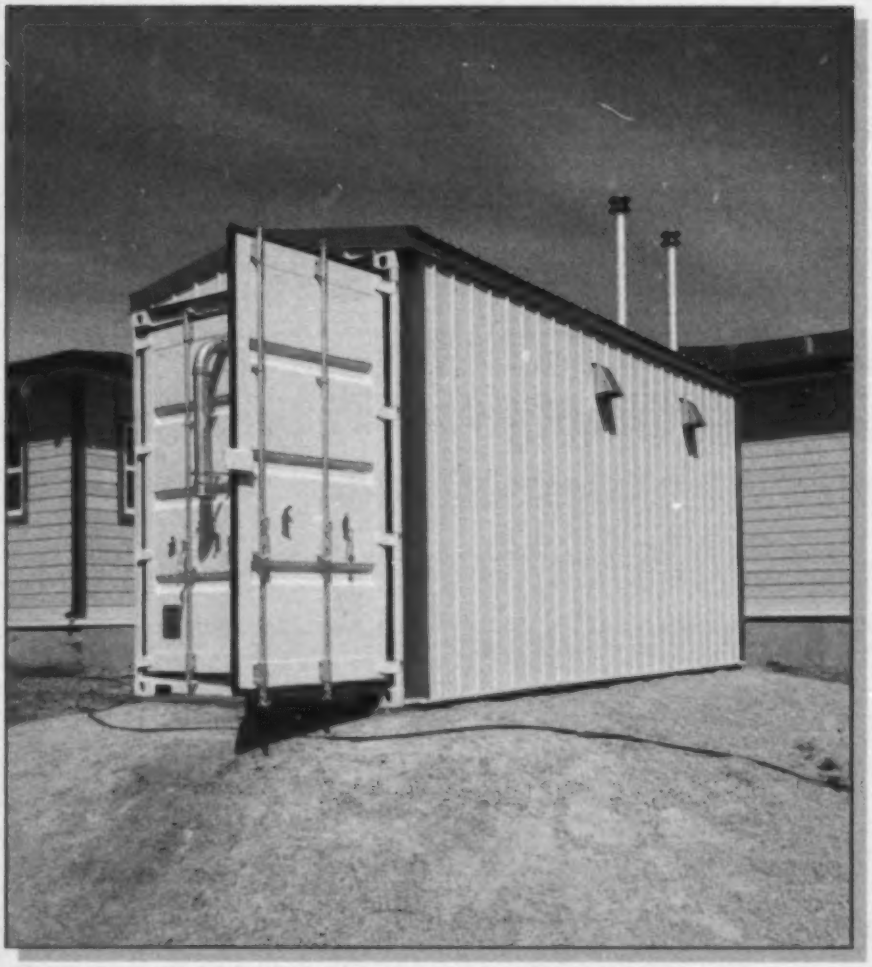
One of the key goals of the NWTHC is to enhance the long-term sustainability and energy efficiency of housing in the NWT. With energy costs higher in the NWT compared to southern Canada, and the length of our winters, we are always looking for ways to improve our energy efficiency.

As part of a GNWT environmental initiative, the NWTHC received funding to install biomass (wood pellet) boiler heating systems in a number of communities in 2013-2014

Two identical biomass systems have been installed on two seniors' five-plex buildings in both Dettah and N'dilo. The awarded contract cost for both systems was $185,000.

In planning for future use of the heating systems, the NWTHC specified that the systems needed to be intentionally oversized with the idea that it may be tied into other buildings in the communities to offer more savings through increased energy efficiency. The systems are sized to allow connection to other adjacent buildings if the owners of the building fund the connection.

By the next heating season the system will be evaluated to the e tent of its capabilities of meeting the total heating load for the building.



There is a potential 50% reduction in heating costs using wood pellets instead of oil. The estimated annual fuel cost reduction is projected at approximately $7,000 for each system with a simple payback of 12 years.

The reduction of fuel oil being displaced by biomass fuels also contributes significantly to lowering our annual CO2 emissions.

On top of these biomass projects, the NWTHC has installed a third biomass system in Fort Resolution. Also as part of the GNWT's Energy Priorities Initiative, the NWTHC has installed 2 photovoltaic systems, one 10-kilowatt system in Inuvik, and one five-kilowatt system in Fort Simpson. These systems supply energy to offset a portion of the existing mechanical and electrical systems.

Client Profile: Theresa Whelly-Cazon

Theresa Whelly-Cazon says she has been much happier with her home since receiving upgrades with assistance from the Northwest Territories Housing Corporation's programs.

"It was a good experience," Theresa said of her participation in the Housing Choices programs, CARE (Contributing Assistance for Repairs and Enhancements) and SAFE (Securing Assistance for Emergencies). "(The staff) was very informative."

Theresa, a life-long resident of Fort Simpson, says she saw the program advertised and went to the NWTHC District Office to discuss her eligibility with the staff. She filled out an application and was soon notified that she was eligible.

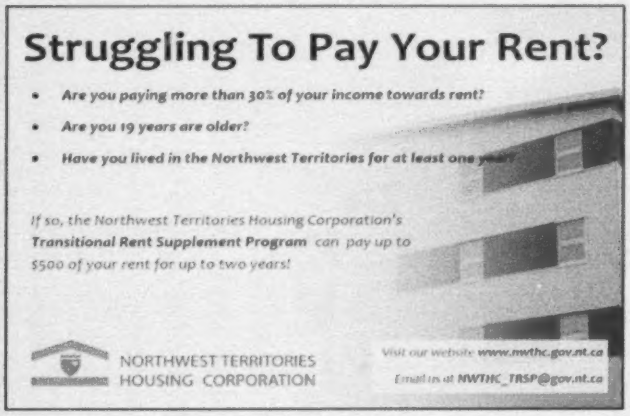
"It was a long process and I had to take some training," she said. As with all Housing Choices clients, Theresa took part in the STEP (Solutions to Educate People) program prior to receiving the repair programs. She was able to have all her floors, windows and electrical replaced in 2013 and in 2014 has been able to replace her outdated shingles. She also had assistance in replacing her furnace. Theresa has been in the same house since 1984. She said that without the NWTHC's programs she would not have been able to afford these upgrades.

Theresa said that since the NWTHC helped her renovate her home she has seen a big difference in her bills. "My fuel bill was cut in half," she said. "That's a big, big difference."

Staff Profile: Karen Wasicuna - Transitional Rent Supplement Coordinator

Karen Wasicuna has been an employee of the Northwest Territories Housing Corporation since 2000 and an employee with the GNWT for 16 years. She is currently the Transitional Rent Supplement Program (TRSP) Coordinator. Karen has held the position since the program was formed in September 2012. She began her career at the NWTHC as the Records Coordinator, a position in which she developed and implemented operational records classification schedule in accordance with GNWT guidelines, ensured records complied with regulations, records training, among other responsibilities.

Karen started with Programs and District Operations in April 2012. Prior to that, she was Manager of the NWTHC's Information Services Section since November 2011, and was Acting Manager of that Section before that. She said it was an exciting opportunity to be able to take on a new role within the corporation. When TRSP was developed "Programs and District Operations thought I might be a good fit for it," Karen said, adding "it was great to be part of the program at inception."


Struggling To Pay Your Rent?
Are you paying more than 30% of your income towards rent?
Are you 19 years are older?
Have you lived in the Northwest Territories for at least one year?
If so, the Northwest Territories Housing Corporation's
Transitional Rent Supplement Program can pay up to
$500 of your rent for up to two years!
NORTHWEST TERRITORIES
HOUSING CORPORATION
Visit our website www.nwthc.gov.nt.ca
Email us at NWTHC_TRSP@gov.nt.ca

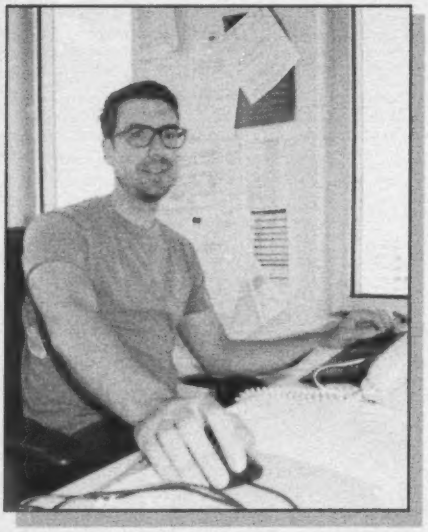
TRSP is available across the territory. It is a rent supplement program. Clients can apply to have up to $500 of their rent supplemented for a period of up to two years.

The Transitional Rent Supplement Program is designed to aid NWT residents living in market rental housing who have low to moderate income. Clients can receive a subsidy up to a maximum of $500 a month, for a maximum period of two years, which is paid directly to the landlord. The subsidy amount is designed to help bring their monthly shelter costs down to 30% of household income.

While staff in the district offices and local housing organizations take applications for the TRSP program, Karen is the sole individual overseeing all areas of its operation. "I deliver, monitor and maintain the program," she said. "One of my favorite things about (the job) is working with the clients." Karen said she receives a lot of positive feedback from TRSP clients and is looking forward to seeing more people go through the program. "We have clients all over," she said.

Karen grew-up in Yellowknife. She is a graduate of Sir John Franklin High School and also attained a Bachelor of Fine Arts from York University in Toronto. Karen teaches the NWTHC's Solutions to Educate People course in Yellowknife. She has also been a dance instructor for 18 years; currently she teaches with Bella Dance Academy. She and her husband, Robin, have a 13-year-old daughter, Gabby. She also helps with his successful food truck business and have plans to soon open a restaurant in Yellowknife.

OFFICE PROFILE: NORTH SLAVE DISTRICT OFFICE



The Northwest Territories Housing Corporation's North Slave District Office serves clients in Yellowknife, Behchoko, N'dilo, Dettah, Lutsel K'e, Whati, Gameti and Wekweeti.

The office has a staff of eleven people, including District Director Andy Tereposky, Administrative Assistant Norelda Sorenson, District Controller Penny Kocik, Contracts Administrator Susie Hanna, Manager, Technical Daniel Korver, Technical Advisors Gil Lafferty and Milt Pittman, Manager, Programs Michael Keohane, Programs Advisors Gerry Cheezie, Jessica Relucio and Bonnie Leonardis.

"We've got about 120 capital projects a year. Some are major projects such as construction of new units, and some are minor such as repairs and renovations," said Andy Tereposky, who has been the District Director of the North Slave since 2008. "We're a very busy office," he said.

During the 2013 - 2014 year, the office completed a 19-plex in Yellowknife and a 9-plex in Behchoko. The North Slave office oversees four Local Housing Organizations (LHOs); Yellowknife, Behchoko, Lutsel K'e and Yellowknives Dene First Nation Housing Division. The most popular program accessed through the office is Contributing Assistance for Repairs and Enhancements (CARE).

In the 2013-14 period, the North Slave District Office assisted 113 clients. 21 clients had major renovations completed on their homes thus enabling these homeowners to have necessary repairs to ensure safe and healthy residences and to increase the useful economic lives of their homes. 71 more homeowners took advantage of the annual preventive maintenance program offered as part of the CARE Program. 3 people became new homeowners through receiving downpayment assistance through the PATH program, while 3 more are receiving the opportunity to prepare for homeownership through HELP. The new emergency repair program, SAFE, also provided assistance to 15 clients for items which required immediate assistance.

"We spend about 70 to 80 per cent of our time on programs," Andy said. "We encourage people to take advantage of the preventative maintenance program and emergency repair program offered by the NWTHC to ensure issues are taken care of before they become a major problem with their home."

Andy said the office works in a collaborative fashion with contractors and clients. He regularly attends meetings with local bands, boards and councils in order to get feedback from the community.

LHO Profile: Aklavik Housing Association

Located in the Beaufort Delta region, Aklavik is home to approximately 600 inhabitants. Helping us manage our Public Housing portfolio, the Aklavik Housing Association manages 129 public housing units.

The Housing Association has seven staff including Roland Rogers, Mary Ruth Meyook, Flora Elanik, Eddy McLeod, Henry Jerome, Don Storr and Terry Semple.

"Last year we did eight projects," said Rogers, Manager of the Housing Association, in reference to major renovation projects to public housing units as part of the NWTHC's efforts to continuously strive to maintain the quality and energy efficiency of our public housing portfolio.

"Construction of ten new units was finished last year," Rogers said. The units are in three different buildings located across from the LHO office.

Construction on the new Joe Greenland Centre, a supportive independent living complex for seniors, will begin during 2014. A completion date is expected for spring 2015. The building site currently has a lot of the needed materials on it. The NWTHC designed the new Joe Greenland Centre in consultation with the Department of Health and Social Services and the community. Some of the notable features the centre will have are a common space where the Department of Health and Social Services can deliver programming, two barrier free units, and six units that will incorporate visitable design features, such as wider doors and hallways, lower switches, raised outlets, wing type taps, and lever door handles. These design features provide a basic level of accessibility necessary for elders and persons living with disabilities to maintain an independent lifestyle.

The Aklavik LHO also has a board of directors composed of public housing tenants and members from the general public who are voted into their positions. The appointment to the board is a two-year term.

"They look at the overall programs and correspond with the Beaufort District office," Rogers explained. the Board approves the allocation of units in accordance with NWTHC policy and Territorial Housing System (THS) and are the first level for appeals under the NWTHC's Appeal Policy.

"We have a lot of people come in (the office) asking for information," Rogers said. Originally from Newfoundland, Rogers feels that Aklavik is a great community to live in. "There's lots of activities, like fishing contests ... the people are very friendly and courteous."

2013-2014 Long Service Award Recipients

Five Years

Chris Greek, Program Officer – Sahtu District Office
Michelle Reddick, Information Systems Analyst – Information Services
Susie Hanna, Contracts Administrator – North Slave District Office

Ten Years

Philip Bailey, Program Officer – Sahtu District Office
Tanice Turner, Budget Officer – Financial Planning
Terry Fisher, Program Development Specialist – Programs and District Operations

Fifteen Years

Alana Mero, District Director – Beaufort Delta District Office
Andy Tereposky, District Director – North Slave District Office
Jill Robertson, District Controller – Beaufort Delta District Office
Karen Wasicuna, Transitional Rent Supplement Coordinator – Programs and District Operations
Norelda Sorenson, Administrative Assistant – North Slave District Office
Penny Kocik, District Controller – North Slave District Office

Twenty Years

Anita Lenoir, Manager, Land Planning & Administration – Infrastructure Services
Marjorie Hansen, Programs Advisor – Beaufort Delta District Office
Revi Lau-a, Manager, Strategic Planning, Policy and Communications
Yvonne Burke, Programs Advisor – South Slave District Office

Twenty-five Years

Darleen Conroy, Data Entry/ Mail Administrator – Finance and Administration

Thirty Years

Milton Pittman, Technical Advisor – North Slave District Office

Appendix A:

Management Discussion and Analysis

Fiscal Year 2013-2014

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis
Fiscal Year 2013-2014

Highlights

In the 2013-2014 fiscal year, the NWTHC continued to advance key initiatives and activities that were outlined in the strategic plan Building for the Future.

In this fiscal year under Public Housing, the NWTHC has expended $45 million, and introduced:

- new information management systems,
- increased emphasis on support for the local housing community agencies, and
- continued investment to improve the quality of our public housing stock.

The NWTHC has also spent over $5.2 million in 2013-14 on homeownership capital delivery, including:

- new construction and repairs to existing assets.
- introduced SAFE, a new emergency repair program,
- made changes to our CARE preventative maintenance program for low-income homeowners, and
- made changes to the PATH subsidy by making it accessible all year round.

The NWTHC has also taken steps to standardize rental rates in our own market rental units and to maximize the number available affordable housing units at all times.

In keeping with our goal to enhance the long term sustainability and energy efficiency of our housing assets, the NWTHC received $700,000 in GNWT Energy Priority Initiatives funding to install high energy efficient biomass boilers in multi-unit public housing complexes and to perform other energy upgrades.

To support the NWTHC's role in addressing homelessness, a Homelessness Coordinator position has been established during 2012-13.This position, currently in the recruitment process, will provide a focal point within the GNWT on homelessness initiatives.

To support its role in addressing homelessness, the NWTHC has hired a Homelessness Coordinator who provides a focal point within the GNWT on homelessness initiatives. The Homelessness Coordinator administers the Homelessness Assistance Fund and the Small Community Homelessness Fund. These funds provide support and direct assistance for both residents who are homeless or at risk of homelessness, and projects in smaller NWT communities that address issues related to homelessness.

Managing Risk / Pressures

Although the NWTHC has accomplished much over the 2013-14 fiscal year and has an ambitious agenda of how it will move forward to address the housing needs of our residents, there are both external and internal pressures and risks that impact how the NWTHC does business. In response to these challenges the NWTHC has employed various mitigation strategies to help offset, to the extent possible, these risks.

Declining CHMC Funding

Funding from CMHC for social housing continues to decline. Overall, the decline will be from $20 million in 2002-03 to zero by 2038-39. The funding declines by different amounts on an annual basis depending on when the housing stock was initially constructed in partnership with the federal government. Over the life of the Government of the Northwest Territories 17th Legislative Assembly federal funding will decline by $2.2 million.

The NWTHC is currently the Chair of the Provincial - Territorial Housing Forum and leads the inter-jurisdictional efforts to engage the federal government in meaningful discussion regarding sustainable housing. An additional mitigation strategy that the NWTHC plans to explore is the expansion of the market rent program to house critical staff, such as teachers, nurses and RCMP, in communities. This initiative will not only increase the availability of market housing, but also increase overall corporate revenue with a view of partially offsetting ongoing reductions in federal funding.

Increase in Core Need (Quality of Housing and Affordability)

The level of core need in the NWT according to the 2009 NWT Community Survey is approximately 19%. To assist in addressing this situation the NWTHC has continued the allocation of funding under its capital plan towards the replacement or retrofit of the older public housing units.

In accordance with the priorities in the strategic framework, the NWTHC continues to provide the Transitional Rent Supplement Program to address market housing challenges of the working poor and the Securing Assistance for Emergencies repair program to provide access to emergency repairs for low to moderate income households. These programs are in addition to the homeownership and repair programs already offered.

Increased Utility Costs

The sheer remoteness, a small population spread over a large landmass, and the growing global demand for resources such as natural gas and oil has helped to drive up the cost of utilities in the NWT. The NWTHC continually implements capital plans that improve the quality and energy-efficiency of Public Housing units to mitigate increasing utility costs. New construction for the replacement of aging single detached Public Housing is almost exclusively multi-unit buildings, resulting in lower consumption of heating fuel. Our standards for retrofits and new units require that projects meet or exceed EnerGuide for Housing (EGH) 80 design standards. The NWTHC has also invested in new energy efficiency technologies such as biomass and photovoltaic solar systems to help offset the high cost of energy.

During the year the NWTHC designed and implemented a system to improve detailed tracking of utility consumption and pricing. Data obtained from the system will improve reporting to management and the decision making process regarding energy efficient initiatives.

Land Development Issues

The availability of land for both current and future housing construction projects is an ongoing challenge. The NWTHC continues to work with community governments to identify and develop suitable land for residential construction. As indicated in the notes to the financial statements the NWTHC is working with the Government of the Northwest Territories to obtain title to 838 leased lots to give the NWTHC maximum flexibility in our land development.

Credit Risk

The NWTHC is exposed to credit risk from tenants and mortgage clients. Several LHOs have had challenges in collecting rent from tenants, resulting in accumulated tenant arrears. The NWTHC has increased support to enhance rent collections. Our Territorial Housing System (THS), an information management database and reporting system, gives the NWTHC the ability to monitor tenant matters and arrears management within LHOs more effectively. The increased focus on collections has resulted in a 97% collection rate for public housing for the 2013-14 fiscal year. The NWTHC is also working on establishing a collections unit to further support LHOs with their ongoing collection activity.

Since 2012, the NWTHC has worked with clients to restructure mortgages to improve overall collections rates. In 2013-14 the NWTHC realized an average mortgage collection rate of 83% across refinanced mortgages, up from 73% in 2012-13. It was through working with our clients to structure repayment plans that meet their needs that the NWTHC was able to consider loans previously uncollectible as viable loans.

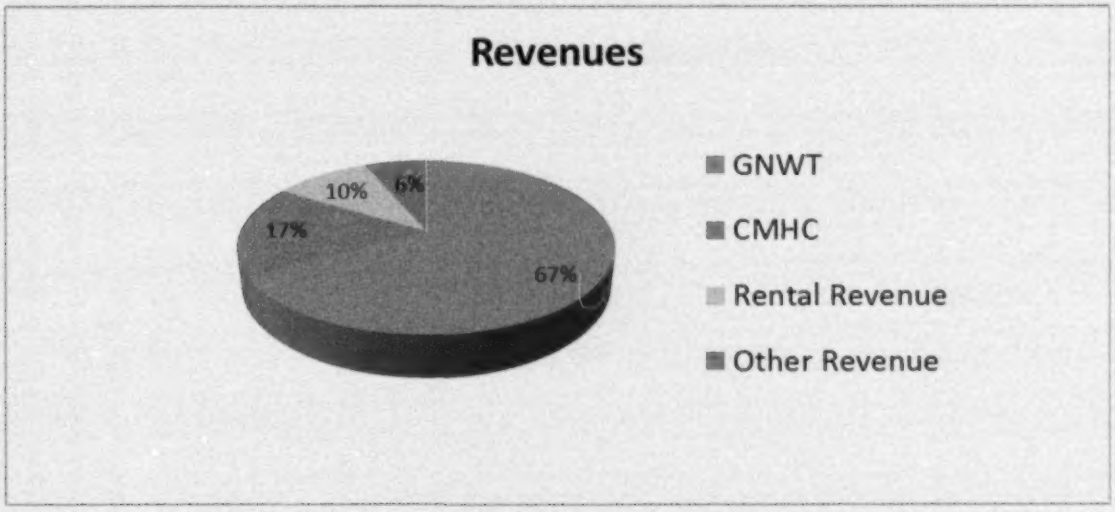
Financial Results

Revenues

The total revenues for the Corporation in 2013-14 were $103.6 million, an increase of $5.9 million from the previous year's total of $97.7 million.

Government funding, from the GNWT and our Federal housing partner, the Canada Mortgage and Housing Corporation (CMHC), increased from $85.6 million to $86.8 million. This is the result of an increase of $2.4 million in GNWT funding offset by a decrease in CMHC funding of $1.1 million. GNWT funding increased as a result of forced growth for collective bargaining and utilities and to replace declining CMHC funding.

Revenue generated from operations amounted to $16.8 million in 2013-14, an increase of $4.7 million over the $12.1 million in revenue generated in 2013-14. Mortgages previously considered doubtful and now considered collectible accounted for $3.1 million of this change. The remaining increase is primarily related to the unsubsidized portion of rent revenue (tenant portion) received from rental programs and gains on the disposition of assets.



Expenses

The Corporation's total operating expenditures for 2013-14 were $100 million, a 1% increase over the previous year's expenses (2012-13 $98.4 million). Costs of operating the public housing program increased by 1.5% to $52.7 million during the fiscal year. Included in these costs was $24.8 million spent on utilities (2012-13 $22.9 million) representing an 8% increase over the cost for the previous year. These public housing programs costs continue to be the largest component of the Corporation's expenses and represents 52.7% of the annual operating expenditures of the Corporation.

Building repairs and maintenance costs related to the public housing stock were $6.3 million in 2013-14, a decrease of 14% over the $7.3 million spent in 2012-13. This includes preventative and demand maintenance as well as non-capital repairs and upgrades under the modernization and improvement program to maximize the useful life of our public housing assets. The decreasing expenditures are partially due to capacity issues within the construction market in the NWT.

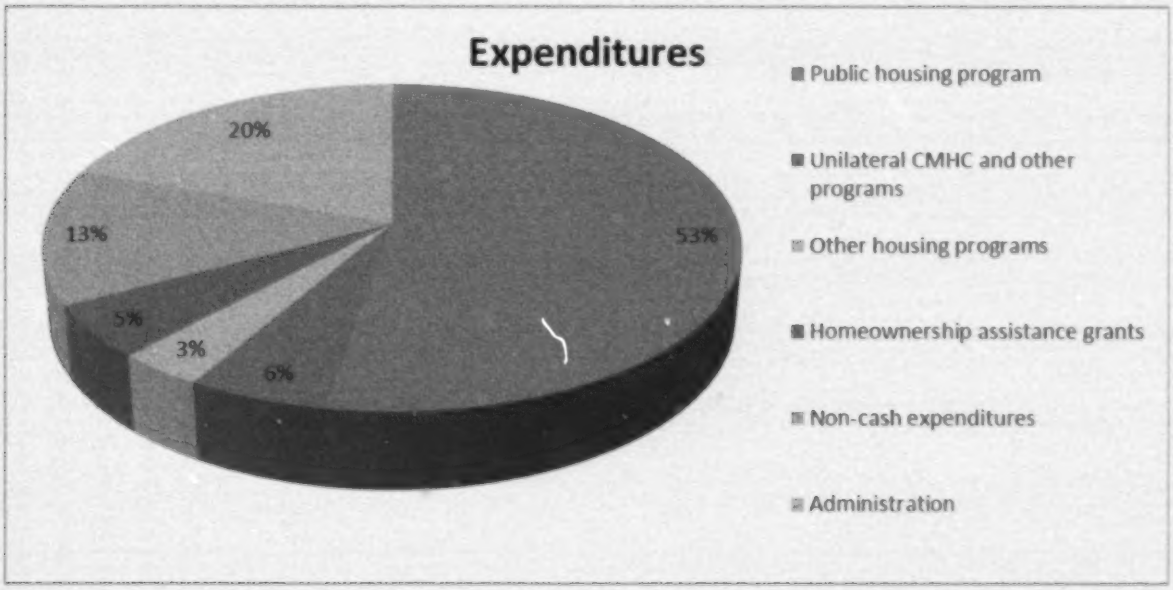
Expenditures on other housing programs such as market housing and supported lease & HELP housing programs were $3.5 million in 2013-14, a 12% increase of over the $3.1 million expended in 2012-13. The increase was attributable to a $100,000 increase in utilities, taxes and land leases expense and a $300,000 increase in repairs and maintenance expense. The NWTHC also contributed $4.9 million to unilateral CMHC programs and other programs, an increase of $1.9 million over the $2.9 million contributed in 2012 -13. The increase was primarily related to a one-time contribution of $2.3 million to the Betty House.

Homeownership assistance grants were $5.2 million in 2013-14, a decrease of 26% over the previous year amount of $7.0 million. This funding is used for the provision of homeownership grants & contributions to support increased homeownership units and improvements to existing homeownership units. Funding provided by the NWTHC is subject to the receipt of qualified candidate applications. Over the past several years there has been a large uptake into the program and the decrease in funding is partially attributable to large program delivery in previous years.

The Corporation had losses of $1.1 million in 2013-14 related to impairment of tangible capital assets, down from $3.2 million in the previous year.

The Corporation spent $19.6 million in Administrative, Program and Technical Services in 2013-14, an increase of $2 million over the previous year. Costs include administration support, program development and delivery, and technical support services that occurred at the District office and Headquarter level. The largest component of administration expenses are salaries and benefits of $14 million ($13.4 million in 2012-13).

The acquisition or construction of new housing assets and the renovation of existing housing is funded by the GNWT, CMHC and own source revenues. These budgeted revenues are reflected on the operating statement net of amortization resulting in an overall budgeted operating surplus of $1.8 million. These surplus operating funds are utilized to support the delivery of the capital infrastructure acquisition plan for 2013-14.



Financial Position

The Corporation continues to maintain a solid financial position in 2013-14, with net financial resources of $46 million, an increase of $5.6 million over the prior year. The requirement for the Corporation to maintain a positive net financial resources position is necessary to ensure future obligations can be met, particularly related to capital projects and contractual commitments and to mitigate financial risk associated with the $22.4 million third party loans that the Corporation administers on behalf of the CMHC. The Corporation indemnifies and holds harmless the CMHC from all losses, costs and expenses related to these loans, as provided under the Social Housing Agreement (SHA). The Corporation has provided loan guarantees to private sector companies and households in support of new construction or improvements of residential housing across the north. The total outstanding balance of loans guaranteed was $3.9 million as at March 31, 2014.

The cash and cash equivalents balance of $14.3 million ($17.0 million at March 31, 2013) represents the outstanding balance in 17 LHO and Corporation bank accounts. The Corporation invests excess cash flow in portfolio investments that meet the terms of the investment policy. As at March 31, 2014 $54.2 million ($49.7 million at March 31, 2013) was invested in portfolio investments with a weighted average rate of return of 1.94%. Excess cash resources will be used to fund investment in new tangible capital assets in the next few years.

Since 2012 the Corporation has been working with mortgage clients to restructure their loans. As a result of the success of this program on collections the Corporation reinstated $3.1 million of mortgages and loans previously determined to be uncollectible. As a result of this reinstatement the mortgage and loans balance increased from $1.6 million at March 31, 2013 to $3.6 million at March 31, 2014.

Investment in Housing

As at March 31, 2014 the Corporation had $231.5 million of investments in land and buildings, representing the amortized book value of 2,572 owned public housing, homeownership rental and market rental units. During the year, an additional investment of $11.9 million was made in new properties and the major renovation of existing properties. There were 40 housing units, with a carrying value of $2.7 million, disposed of during the year through sale or demolition, 22 properties written down by $1.1 million and $11.7 million of property costs were amortized during the year.

Summary of Financial Results and Budget Projection (in millions of dollars)

	2009 - 2010	2010 - 2011	2011 - 2012	2012 - 2013	2013- 2014	2014 - 2015 Budget
Revenues						
GNWT	49.8	49.2	54.0	67.0	69.3	83.5
CMHC	22.4	25.0	19.6	18.6	17.5	17.1
Amortization of Deferred Capital	11.6	13.3	14.8	-	-	-
Other	10.3	11.7	12.8	12.1	16.8	11.7
Total Revenues	**94.1**	**99.2**	**101.2**	**97.7**	**103.6**	**112.3**
Expenses						
Public Housing Programs	51.3	56.3	47.0	52.7	52.7	53.6
Other Housing Programs			5.5	5.6	9.2	5.7
Homeownership Assistance Programs	4.7	9.6	7.9	7.1	5.2	7.6
Impairment/ Disposal Loss on TCAs			2.3	3.5	1.1	-
Amortization			12.3	11.9	12.2	13.1
Administrative, Program and Technical Services	30.2	29.7	17.8	17.6	19.6	18.5
Total Expenses	**86.2**	**95.6**	**92.8**	**98.4**	**100**	**98.5**
Annual Surplus(Deficit)	**7.9**	**3.5**	**8.3**	**(0.7)**	**3.6**	**13.8**

Explanation of major variances over the five year period

Revenues

Contributions from the GNWT have been increasing on an annual basis to keep pace with forced growth requirements, to offset the declining funding from CMHC and to support new government initiatives. An accounting policy change for Government Transfers was adopted in 2013 which eliminated the amortization of deferred capital.

Funding from the CMHC under the Social Housing Agreement (SHA) continues to decline on an annual basis. This was offset for fiscal years 2009-2010 and 2010-2011 as additional funding was provided under the Canada Economic Action Plan and a portion of this funding was used for various renovation projects that were not capital in nature.

Expenses

Changes in the presentation under the "Consolidated Statement of Operations and Accumulated Surplus" effective April 1, 2011 detailed programs and expenses that were not strictly Public Housing programs. In addition, the salaries, benefits and administrative expenses for the Local Housing Organizations have been removed from "Administrative, Program and Technical Services" and are now included under "Public Housing Programs".

Public Housing Programs – In general, the costs to administer the Public Housing program continue to increase due primarily to inflationary pressures related to utility costs. There are also fluctuations from year to year dependent on the level of funding that is provided for minor repairs that are necessary to maintain the NWTHC owned housing assets.

Homeownership Assistance Programs – the funds available to provide as grants to homeowners (for the purchase or repair of homeownership units), varies from year to year depending on the client demand for repair programs balanced against the requirement to maintain good quality NWTHC owned housing assets.

Annual Surplus (Deficit)

For fiscal years 2009-2010, 2010-2011 and 2011-2012, the Corporation incurred substantial surpluses. This was due, in large part to the significant influx of Federal funding provided from 2008 – 2010 and the ongoing capacity challenges incurred by the Corporation and the housing construction industry generally, to complete all projects as planned within a compressed timeframe.

Write-off of Corporate Debt

As indicated in Part IX, Public Agencies, Section 84 of the Financial Administration Act any asset, debt or obligation written-off during the financial year that exceeds $500 must be reported in the annual report of the public agency.

As indicated in Section 82 of the Financial Administration Act, a public agency such as the NWTHC has the authority to write-off debts or obligations up to $20,000. Any write-off requests above $20,000 require the express authority of an Act through the Legislative Assembly. When debts are written off it does not mean these debts are forgiven and the NWTHC has an obligation to continue collection activities.

There were no approved write-offs for fiscal year 2013-2014.

Appendix B:

Independent Auditor's Report

and

Consolidated Financial Statements

INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Housing Corporation

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Northwest Territories Housing Corporation, which comprise the consolidated statement of financial position as at 31 March 2014, and the consolidated statement of operations and accumulated surplus, consolidated statement of change in net financial assets and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

.../2

Opinion

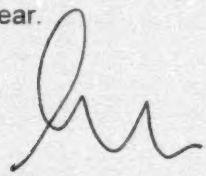
In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Northwest Territories Housing Corporation as at 31 March 2014, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

As required by the *Financial Administration Act* of the Northwest Territories, I report that, in my opinion, the accounting principles in Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Northwest Territories Housing Corporation and the consolidated financial statements are in agreement therewith. In addition, the transactions of the Northwest Territories Housing Corporation that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* of the Northwest Territories and regulations and the *Northwest Territories Housing Corporation Act* and regulations, with the exception that the Northwest Territories Housing Corporation did not meet its statutory deadline for submitting its annual report as described in the following paragraph.

Section 100 of the *Financial Administration Act* of the Northwest Territories requires the Northwest Territories Housing Corporation to submit its annual report to its Minister not later than 90 days after the end of its financial year, or an additional period, not exceeding 60 days, that the Minister of Finance may allow. The Northwest Territories Housing Corporation did not meet its statutory deadline for submitting its annual report to its Minister for the current fiscal year.



Guy LeGras, CA
Principal
for the Auditor General of Canada

17 September 2014
Edmonton, Canada

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

These accompanying consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements. Ensuring that information in the Corporation's annual report is consistent with the consolidated financial statements is management's responsibility.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are properly authorized and recorded, proper records are maintained, assets are safeguarded, and the Corporation complies with applicable laws and regulations. These controls and practices ensure the orderly conduct of business, the preparation of reliable financial information, and adherence to the Corporation's statutory requirements and policies.

The external auditor, the Auditor General of Canada, conducts an independent examination, in accordance with Canadian auditing standards, and expresses his opinion on the consolidated financial statements. The external auditor has full and free access to financial information of Northwest Territories Housing Corporation.

On behalf of Northwest Territories Housing Corporation

David Stewart
President & CEO

J.B. (Jeff) Anderson, CGA, CPA (US)
Vice President
Finance & Infrastructure Services

Yellowknife, Northwest Territories
September 17, 2014

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Financial Position
As at March 31, 2014
(in thousands)

	2014	2013
Financial assets		
Cash and cash equivalents (Note 3)	$ 14,388	$ 17,097
Portfolio investments (Note 4)	54,219	49,754
Accounts receivable (Note 5)	5,854	4,484
Mortgages and loans receivable (Note 6)	3,587	1,597
	78,048	72,932
Liabilities		
Bank indebtedness (Note 7)	632	494
Accounts payable and accrued liabilities (Note 8)	13,355	12,715
Deferred revenue	87	65
Loans payable to Canada Mortgage and Housing Corporation (Note 9)	11,479	12,197
Obligations under capital leases (Note 10)	1,216	2,063
Retirement and post-employment benefits (Note 11)	5,195	4,910
	31,964	32,444
Net financial assets	$ 46,084	$ 40,488
Non-financial assets		
Tangible capital assets (Schedule A)	231,512	233,250
Inventories held for use	2,441	2,664
Prepaid expenses	160	233
	234,113	236,147
Accumulated surplus	$ 280,197	$ 276,635

Contractual obligations and contingencies (Notes 17 and 18)
Subsequent event (Note 19)

Approved:

Minister Responsible for the
Northwest Territories Housing Corporation

President & CEO

The accompanying notes and schedule form an integral part of the consolidated financial statements.

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2014
(in thousands)

	2014 Budget	2014 Actual	2013 Actual
Net financial assets, beginning of the year	$ 40,488	$ 40,488	$ 38,579
Items affecting net financial assets:			
Annual surplus (deficit)	1,791	3,562	(701)
Acquisition of tangible capital assets	(21,448)	(12,692)	(13,858)
Amortization of tangible capital assets	11,942	12,248	11,875
Disposal of tangible capital assets	-	1,070	1,009
Write-downs of tangible capital assets	-	1,111	3,286
Acquisition of inventories held for use	-	(881)	(808)
Consumption of inventories held for use	-	1,104	1,184
Acquisition of prepaid expenses	-	(82)	(117)
Use of prepaid expenses	-	156	39
Increase in net financial assets	(7,715)	5,596	1,909
Net financial assets, end of year	$ 32,773	$ 46,084	$ 40,488

The accompanying notes and schedule form an integral part of the consolidated financial statements.

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2014
(in thousands)

	2014 Budget	2014 Actual	2013 Actual
Revenues			
Government funding:			
Government of the Northwest Territories	$ 69,316	$ 69,316	$ 66,961
Canada Mortgage and Housing Corporation (Note 12)	17,272	17,491	18,640
	86,588	86,807	85,601
Generated revenues:			
Rental revenue	8,228	10,210	9,496
Recoveries on mortgages and loans (Note 6)	1,400	4,131	82
Investment revenue	500	626	715
Gain on disposal of investments	490	718	593
Gain on disposal of tangible capital assets	400	282	-
Other revenue and recoveries	90	715	1,109
Interest revenue on mortgages and loans	120	139	126
	11,228	16,821	12,121
	97,816	103,628	97,722
Expenses			
Public housing program (Note 13)	48,155	52,738	51,945
Unilateral CMHC programs & other programs	4,970	4,984	2,992
Market housing program (Note 14)	1,381	1,673	1,805
Supported lease & HELP programs (Note 15)	1,719	1,831	1,333
Rent subsidy program	1,050	317	38
Homelessness fund program	325	328	181
Homeownership assistance grants	7,689	5,231	7,096
Contributions for housing for staff initiative	500	-	75
Amortization	11,942	12,248	11,875
Loss on disposal of tangible capital assets	-	-	245
Writedowns of tangible capital assets	-	1,111	3,286
Administration (Note 16)	18,294	19,605	17,552
	96,025	100,066	98,423
Annual surplus (deficit)	$ 1,791	$ 3,562	$ (701)
Accumulated surplus, beginning of year	276,635	276,635	277,336
Accumulated surplus, end of year	$ 278,426	$ 280,197	$ 276,635

The accompanying notes and schedule form an integral part of the consolidated financial statements.

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Cash Flow
For the year ended March 31, 2014
(in thousands)

	2014	2013
Operating transactions		
Cash received from:		
Government of the Northwest Territories	$ 69,616	$ 66,935
Canada Mortgage and Housing Corporation	15,667	20,628
Rental revenue	10,633	10,100
Investment revenue	626	357
Miscellaneous revenue and recoveries	2,799	6,089
	99,341	104,109
Cash paid for:		
Payments to and on behalf of employees	(25,757)	(25,555)
Payments to suppliers	(58,861)	(57,360)
Payments for interest	(868)	(1,140)
	(85,486)	(84,055)
Cash provided by operating transactions	13,855	20,054
Capital transactions		
Acquisition of tangible capital assets	(12,692)	(15,843)
Proceeds on disposal of tangible capital assets	1,352	853
Cash used in capital transactions	(11,340)	(14,990)
Financing transactions		
Repayment of long-term debt and capital leases	(1,566)	(1,386)
Cash used in financing transactions	(1,566)	(1,386)
Investing transactions		
Redemption of portfolio investments	56,262	71,316
Purchases of portfolio investments	(61,112)	(73,270)
Mortgage payments received	1,054	1,032
Cash used in investing transactions	(3,796)	(922)
Increase (decrease) in cash	(2,847)	2,756
Cash and cash equivalents, beginning of year	16,603	13,847
Cash and cash equivalents, end of year	$ 13,756	$ 16,603
Made of:		
Cash and cash equivalents	14,388	17,097
Bank indebtedness	(632)	(494)
	$ 13,756	$ 16,603

The accompanying notes and schedule form an integral part of the consolidated financial statements.

1. PURPOSE OF THE ORGANIZATION

The Northwest Territories Housing Corporation (the "Corporation") is a territorial corporation, established under the *Northwest Territories Housing Corporation Act* (the "Act") and named in Schedule B of the *Financial Administration Act* (FAA) of the Northwest Territories (NWT). Accordingly, the Corporation operates in accordance with its Act and regulations, Part IX of the FAA, and any directives issued to it by the Minister responsible for the Corporation. The Corporation is exempt from income tax but is subject to Goods and Services Tax.

The Corporation's mandate is to ensure, where appropriate and necessary, that there is a sufficient supply of affordable, adequate, and suitable housing stock to meet the housing needs of residents in the NWT. The Corporation works in partnership with the local communities in the NWT to ensure residents have access to housing that supports a healthy, secure, independent, and dignified lifestyle.

The Corporation's public housing program is delivered by twenty-three community-based local housing organizations (LHOs). Each LHO has a board of directors and management and staff who are responsible for the day-to-day activities associated with the delivery of the program in the communities. Agreements are in place between the Corporation and the LHOs which outline the roles and responsibilities of each party.

The Corporation and the LHOs are economically dependent upon the Government of the NWT (the "Government") for the funds required to finance the net cost of their operations and capital acquisitions.

2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards.

The significant accounting policies are as follows:

Measurement uncertainty

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires the Corporation to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the consolidated financial statements and accompanying notes. By their nature, these estimates are subject to measurement uncertainty. Actual results could differ significantly from the estimates. The more significant management estimates relate to the allowance for impaired mortgages and loans receivable, the amortization of tangible capital assets, contingencies and the liability for retirement and post-employment benefits.

Reporting entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses, change in net financial assets and cash flows of the reporting entity. The reporting entity is comprised of the Corporation and the accounts of the following twenty-one LHOs, via consolidation, which are controlled by the Corporation:

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Aklavik Housing Association
Bechokö Kö Gha K'àodèe
Deline Housing Association
Fort McPherson Housing Association
Fort Providence Housing Association
Fort Resolution Housing Authority
Fort Simpson Housing Authority
Fort Smith Housing Authority
Hay River Housing Authority
Inuvik Housing Authority
Lac La Martre Housing Association
Lutsel K'e Housing Authority
Norman Wells Housing Authority
Paulatuk Housing Association
Radilih Koe' Housing Association
Sachs Harbour Housing Association
Tsiigehtchic Housing Association
Tuktoyaktuk Housing Association
Tulita Housing Association
Ulukhaktok Housing Association
Yellowknife Housing Authority

The following two LHOs: Yellowknife Dene First Nation (Housing Division) and Hay River Dene Band Housing Society have been excluded from the reporting entity since they are considered to be parts of separate levels of government and thus should be excluded from the reporting entity of any other government or government organization.

All significant inter-entity balances and transactions have been eliminated in the preparation of the consolidated statements.

Revenue recognition

The Corporation receives funding for operating and capital purposes from the Government of the Northwest Territories.

The Corporation also receives funding from the Canada Mortgage and Housing Corporation (CMHC) under the Social Housing Agreement and other agreements between CMHC and the Corporation for the operations and maintenance of the various public housing programs, the acquisition of public housing and to provide assistance to eligible homeowners and landlords for repairs and rehabilitation of properties.

Funding provided by the Government and CMHC is recognized as government funding in the fiscal year when authorized by the transferring government, except to the extent that any such funding gives rise to an obligation that meets the definition of a liability. Funding which gives rise to a liability is recognized as revenue as the liability is settled.

Rental revenue is recognized on an accrual basis. An allowance is recognized for any rental amounts owing which are deemed uncollectible.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions for public housing

The Corporation provides contributions to Yellowknife Dene First Nation (Housing Division) and Hay River Dene Band Housing Society for their operation of the public housing programs and maintenance of the public housing units. These contributions are recognized based on estimated costs for administration and maintenance expenses incurred and based on actual costs for utilities, tax and leasing expenses incurred, by the two entities in the year.

As part of contributions for public housing, the Corporation also provides subsidy assistance to various non-profit housing sponsor groups and co-operatives in accordance with operating agreements, which set out the basis on which eligibility for subsidy assistance will be determined. These expenditures are recognized based on actual or estimated costs incurred by each sponsor group in the year.

Contributions for market housing

The LHOs, on behalf of the Corporation, manage certain market rental units in accordance with operating agreements. The Corporation collects rents at market rates from those rental units and provides contributions to the LHOs for their costs incurred on administration and maintenance of those rental units.

Cash and cash equivalents

Cash and cash equivalents are comprised of bank account balances net of outstanding cheques and short-term investments that have terms to maturity of less than 90 days from the dates of acquisition.

Portfolio investments

Portfolio investments are investments in debt securities of organizations that do not form part of the reporting entity and are accounted for using the amortized cost method.

Investment income is recognized on the accrual basis, premiums and discounts arising on purchase are amortized over the term of the respective investment, and capital gains and losses are recognized when realized. When there has been a loss in value of a portfolio investment that is other than a temporary decline, the investment is written down to recognize the loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Homeownership assistance grants

The Corporation, under section 44(1) of its Act, may make a home ownership assistance grant in the form of a forgivable loan to eligible homeowners on terms and conditions that may be imposed by the Corporation. The conditional grants, which vary in amount depending on the income or community of the applicant and are not expected to be repaid unless certain conditions are not met, are expensed in the year the grant is approved. Any recoveries on the conditional grants are recognized in the year the amount is recovered from the borrower (Note 6).

The Corporation is not currently providing any new repayable mortgages/loans nor loan guarantees to eligible homeowners under its Homeownership Assistance program.

a) Mortgages and loans receivable

The net carrying amount of the mortgages and loans receivable represents the present value of the expected future principal and interest payments to be received, net of the grants provided to the borrowers, any restructuring costs, and the allowance for impairment. Interest income on mortgages and loans receivable is recognized when earned. The costs related to a mortgage or loan restructuring, if any, are expensed in the year of the restructuring.

A mortgage or loan is considered to be impaired when, in management's opinion, there is reasonable doubt as to the collection of principal and interest or when six months of arrears have accumulated. When a mortgage has six months of arrears an allowance for impairment of 100% is established to reduce the carrying amount of mortgages and loans receivable identified as impaired to their estimated recoverable value of nil based on management's best judgment and the Corporation's historical loss experience. The recognition of interest income also ceases on a mortgage or loan identified as impaired.

The Corporation also performs an annual assessment of restructured mortgages with payments in arrears between one and six months. A partial allowance is recorded on these mortgages based on the average collection rate and similar type mortgages for the year, which for 2014 was 60%.

A mortgage or loan receivable reverts to performing status when, in management's opinion, the ultimate collection of principal and interest is reasonably assured and in the case of a mortgage or loan restructuring, when at a minimum twelve months has passed since the restructuring and payments are not more than six months in arrears.

Write-offs of impaired mortgages and loans occur after the homeowner and the Corporation have signed a quit claim agreement and the Corporation has obtained the housing unit in exchange for the debt owed. A quit claim is an agreement between the owner of a housing unit and the Corporation to transfer title to the housing unit back to the Corporation for a nominal fee. The fair value of the housing unit acquired through the quit claims process is determined to be the original purchase price or construction costs (if available) less amortization from the original purchase date to the date the quit claim occurred. This is considered to be a reasonable estimate of the fair value of the assets recovered. Quit claim units are evaluated for suitability for delivery of programs and if suitability criteria are met are added to tangible capital assets.

b) Loan guarantees

An obligation and expense is recognized related to a loan guarantee when it is likely that a loss will be incurred, and the amount of the loss can be reasonably estimated. When estimating the amount of contingent loss, management considers the value of any security (properties) which could be sold to cover the loan guarantee. Provisions for losses are reviewed annually.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible capital assets

a) Land and buildings

Land and housing units constructed or purchased by the Corporation for public housing, market housing and supported lease & HELP programs, including construction in progress, are recorded at cost. Housing units previously transferred from CMHC or the Government were recognized at net book value which was considered a reasonable estimate of fair value at the time of the transfer. Housing materials are recorded at cost and included in construction in progress.

Public housing units are recorded as capital leases when the Corporation enters into lease agreements where, in effect, the risks and benefits of ownership are transferred to the Corporation. In such cases, the cost of the asset is determined as the discounted net present value of the minimum lease payments and is amortized using the straight-line method over the lease term. Obligations recorded under capital leases are reduced by rental payments net of imputed interest and executory costs. Interest expense is included in interest on long-term debt.

Housing units are amortized at an annual rate of 5% on a declining balance basis. Amortization begins in the year the housing unit is placed into service and is taken for the full year. Construction in progress is not amortized.

b) Property and equipment

Property and equipment are stated at cost. Amortization is provided using the following methods and annual rates:

Warehouses and offices	Declining balance	5%
Office furniture and equipment	Declining balance	20%
Mobile equipment	Declining balance	20%
Software	Straight-line over 10 years	
Leaseholds	Straight-line over term of lease	

Inventories held for use

Inventory held for use consists of materials and supplies to be used for the maintenance or minor modifications of buildings. The inventory is valued on a weighted average basis at the lower of cost and replacement value.

Bank indebtedness

Bank indebtedness is comprised of the bank account of those LHOs that have cheques issued in excess of deposits.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee future benefits

a) Pension benefits

Substantially all of the employees of the Corporation are covered by the Public Service Pension Plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation to cover current service cost. Pursuant to legislation currently in place, the Corporation has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of the Corporation.

b) Northern Employee Benefits Service (NEBS) Pension Plan

Eligible employees of the following LHOs are covered by the Northern Employee Benefits Services Pension Plan ("NEBS"). This plan is a multi-employer contributory defined benefit plan and accordingly contributions are expensed as incurred. NEBS is a member owned, not-for-profit, corporation that sponsors an insurance and health care benefits plan and a pension plan for public sector employees in the north.

Bechokö Kö Gha K'àodèe
Deline Housing Association
Fort MacPherson Housing Association
Fort Resolution Housing Authority
Fort Simpson Housing Authority
Fort Smith Housing Authority
Inuvik Housing Authority
Lutsel K'e Housing Authority
Radilih Koe' Housing Association
Yellowknife Housing Authority

NEBS establishes contribution rates for participating employers/employees, and contributions are remitted to NEBS on a regular basis throughout the year. Contributions are recorded as an expense in the year when the employees have rendered service.

c) Retirement and post-employment benefits

Under the terms and conditions of employment, employees may earn leave, severance and removal benefits based on years of service. The benefits are paid upon resignation, retirement, or death of an employee. The cost of these retirement and post-employment benefits has been determined based on management's best estimates and accrued as a liability as employees render service.

Future accounting change

PSAB approved Section PS 3260, Liability for Contaminated Sites in March 2010. This new standard requires a government or government organization to recognize a liability for a contaminated site when an environmental standard exists, the contamination exceeds the environmental standard, the government or government organization is directly responsible or accepts responsibility for remediation of the contaminated site, and a reasonable estimate of the amount can be made. The new standard is effective for fiscal years beginning on or after April 1, 2014. Earlier adoption is encouraged. Management has not early adopted this new standard.

3. CASH AND CASH EQUIVALENTS

	2014	2013
Cash	$ 8,187	$ 12,662
Cash equivalents	6,201	4,435
	$ 14,388	$ 17,097

Cash equivalents are comprised of a high quality debt instrument with an original term to maturity of 30 days (2013 – 59 days) and a market yield of 1.07% (2013 – 1.14%).

Also, included in cash are tender and security deposits from contractors on construction projects and rental housing damage deposits held in trust in the amount of $1,848 (2013 - $1,871) which are also included in accounts payable and accrued liabilities (Note 8).

4. PORTFOLIO INVESTMENTS

	2014			2013
Issuer	Stated interest rate	Remaining term	Carrying amount	Carrying amount
Fixed income investments:				
Bankers acceptances	1.35% to 1.58%	128 to 269 days	$ 25,151	$ 23,299
Provincial governments	1.66% to 3.35%	3 to 13 years	9,455	22,449
Ontario Hydro Strip Bonds	1.44% to 3.61%	2 to 11 years	16,897	1,406
Ontario Hydro Zero Coupon Bonds	2.16% to 3.27%	4 to 8 years	2,716	1,500
Business Development Bank of Canada	-	-	-	1,100
			$ 54,219	$ 49,754

The weighted average effective yield of this portfolio in 2014 was 1.94 % (2013 – 1.96%). Investments in bankers' acceptances are highly liquid investments with original terms to maturities of 90 days to one year.

5. ACCOUNTS RECEIVABLE

	2014	2013
Trade accounts receivable	$ 2,924	$ 2,173
Tenant rents receivable	15,414	15,323
	18,338	17,496
Less allowance for doubtful accounts	(14,692)	(13,696)
	3,646	3,800
Receivables from CMHC	2,125	301
Receivables from related parties:		
Government of the Northwest Territories	83	383
Net Accounts Receivable	$ 5,854	$ 4,484

6. MORTGAGES AND LOANS RECEIVABLE

a) Mortgages and loans receivable

	2014	2013
Corporate loan, repayable in monthly installments at interest rate of 7.80%, unsecured, with a term of 10 years.	$ 12	$ 38
Mortgages based on Income Assessment, repayable in monthly installments at interest rates varying between 5.79% and 10.5%, secured by registered charges against real property, with a term over a maximum of 15 years.	894	1,274
Loans based on Income Assessment, repayable in monthly installments at interest rates varying between 3.10% and 12%, unsecured, with a term over a maximum of 15 years.	4,085	6,115
Restructured mortgages, repayable in monthly installments at interest rates varying between 3% and 5.85%, secured by registered charges against real property, with a term over a maximum of 25 years.	1,732	952
Restructured loans, repayable in monthly installments at interest rates varying between 3% and 7.2%, unsecured, with a term over a maximum of 25 years.	8,363	7,130
Mortgages and loans receivable	15,086	15,509
Less allowance for impaired mortgages and loans	(11,499)	(13,912)
Net mortgages and loans receivable	$ 3,587	$ 1,597

The carrying value of the mortgages and loans receivable that are past due but not classified as impaired is $796 (2013 - $778). There were 13 write-offs in the current year (2013 - three).

6. MORTGAGES AND LOANS RECEIVABLE (continued)

b) Homeownership assistance grants

Conditional grants have been provided by the Corporation to eligible homeowners, which are fully forgivable on the condition of the property remaining the principal residence and annual income remaining below the core need income threshold for the term of the agreement. If the conditions are not met, the grants are repayable to the Corporation. Conditional grants comprise the Homeownership Assistance grants of $5,231 (2013 – $7,096), which are expensed on the consolidated statement of operations and accumulated surplus.

c) Net recoveries on mortgages and loans receivable and conditional grants:

	2014	2013
Recoveries on impaired mortgages and loans	$ 522	$ 747
Adjustment to allowance for impaired mortgages and loans	3,133	(1,063)
Recoveries from conditional grants	476	398
	$ 4,131	$ 82

7. BANK INDEBTEDNESS

	2014	2013
Cheques issued in excess of deposits for certain LHOs	$ 632	$ 494

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2014	2013
Trade payables	$ 8,068	$ 6,965
Contractors holdbacks	1,527	2,309
Damage deposits	1,774	1,702
Wages and employee benefits	677	489
Tender and security deposits	74	169
Accrued interest	153	224
Prepaid rent	96	94
Payables to related parties:		
Government of the Northwest Territories	986	763
	$ 13,355	$ 12,715

9. LOANS PAYABLE TO CANADA MORTGAGE AND HOUSING CORPORATION

	2014			2013
	Debt balance	CMHC funded portion	Net debt balance	Net debt balance
Mortgages payable to CMHC (NHA Section 79 debt), repayable in monthly or quarterly installments, maturing from 2014 to 2038, at interest rates from 5.94% to 19.00% (2013 - 5.94% to 19.00%).	$ 25,242	$ (25,242)	$ -	$ -
Loans payable to CMHC (NHA Section 82 debt), repayable in annual installments until the year 2033, bearing interest of 6.97% (2013 - 6.97%). These loans are guaranteed by the Government.	18,248	(10,138)	8,110	8,609
Mortgages payable to CMHC for three housing projects acquired from third parties in accordance with the provisions of the SHA related to third party loans, maturing in 2026 and 2027, at interest rates from 2.78% to 3.68%, (2013 - 2.78% to 3.68%).	3,369	-	3,369	3,588
	$ 46,859	$ (35,380)	$ 11,479	$ 12,197

Under the terms of the 1999 Social Housing Agreement (SHA), CMHC originally provided funding to the Corporation to build public housing assets in the form of long-term mortgages payable to CMHC (referred to as National Housing Act (NHA) Section 79 debt under the SHA) and loans payable to CMHC (referred to as NHA Section 82 debt under the SHA). Under the SHA, CMHC also agreed to provide additional funding to the Corporation to reduce 100% of the NHA Section 79 debt and to reduce by 5/9th the NHA Section 82 debt, and to fund the related interest repayments that the Corporation would make each year to CMHC. This additional funding receivable from CMHC and the related payments due by the Corporation each year on the long-term debt payable to CMHC are offset, resulting in no exchange of cash between the Corporation and CMHC.

Had CMHC not funded the repayments of the long-term debt principal and interests payable to CMHC, the Corporation would have incurred additional interest expense of $3,901 in 2014 (2013 - $4,080), and would have made additional principal long-term debt repayments to CMHC of $1,346 in 2014 (2013 - $2,653).

The above mortgages to CMHC are not secured.

9. LOANS PAYABLE TO CANADA MORTGAGE AND HOUSING CORPORATION (continued)

Principal repayments and interest requirements over the life of outstanding loans are as follows:

	Principal	Interest	Total
2015	$ 761	$ 684	$ 1,445
2016	806	639	1,445
2017	844	590	1,434
2018	805	539	1,344
2019	746	491	1,237
2020 - 2024	3,903	1,811	5,714
2025 - 2038	3,614	733	4,347
	$ 11,479	$ 5,487	$ 16,966

10. OBLIGATIONS UNDER CAPITAL LEASES

The Corporation is committed to annual payments for 10 (2013 - 13) lease agreements for public housing units under the Public Housing Rent Supplement Programs and 2 (2013 - three) lease agreements for market housing units. These lease agreements are based on implicit interest rates varying from 6.60% to 10.75% and expiry dates ranging from 2014 to 2019. The lease payments may be renegotiated every five years for changes in specific operating costs such as interest rates and cost of utilities. The Corporation is also responsible for other operating costs not included in the annual lease payments.

	Executory costs	Imputed interest	Lease obligation	Future minimum lease payments
2015	$ 241	$ 67	$ 614	$ 922
2016	126	30	308	464
2017	23	15	135	173
2018	23	8	89	120
2019	17	2	70	89
Total	$ 430	$ 122	$ 1,216	$ 1,768

The value of the leased housing units which are included as part of the Corporation's tangible capital assets and the related accumulated amortization as at March 31, 2014 is $7,220 and $6,458 respectively (2013 - $8,480 and $7,171 respectively).

11. RETIREMENT AND POST-EMPLOYMENT BENEFITS

Pension benefits

The Corporation's employees participate in the Public Service Pension Plan (the "Plan") administered by the Government of Canada. The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2% of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada/Québec Pension Plan benefits and they are indexed to inflation.

The Corporation and all eligible employees contribute to the Plan. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution.

During the calendar year 2012, the Corporation contributed 1.74 dollars for every dollar contributed by the employee, and 8.95 dollars for every dollar contributed by the employee for the portion of the employee's salary above $148 thousand.

During the calendar year 2013, the Corporation contributed 1.64 dollars for every dollar contributed by the employee, and 8.00 dollars for every dollar contributed by the employee for the portion of the employee's salary above $150.9 thousand. For new employees participating in the plan on or after January 1, 2013, the Corporation contributes 1.57 dollars for every dollar contributed by the employee, and 8.00 dollars for every dollar contributed by the employee for the portion of the employee's salary above $150.9 thousand.

Effective January 1, 2014, the Corporation contributed 1.45 dollars for every dollar contributed by the employee, and 7.59 dollars for every dollar contributed by the employee for the portion of the employee's salary above $155 thousand. For new employees participating in the plan on or after January 1, 2013, the Corporation contributes 1.43 dollars for every dollar contributed by the employee, and 7.59 dollars for every dollar contributed by the employee for the portion of the employee's salary above $155 thousand.

Employees' contributions' into the plan follow the chart below as a percentage of their gross salary. Contribution rates for the plan are dependent on if the year's maximum pensionable earnings (YMPE), as defined under the Canada Pension Plan, have been reached.

	April 1, 2012 to December 31, 2012	January 1, 2013 to December 31, 2013	January 1, 2014 to March 31, 2014
Up to YMPE	6.20%	6.85%	7.50%
Above YMPE	8.60%	9.20%	9.80%
YMPE	$50,100	$51,100	$52,500

For new employees participating in the plan after January 1, 2013 contribution rates were:

Up to YMPE	-	6.27%	6.62%
Above YMPE	-	7.63%	7.89%

Total contributions to the Plan in the fiscal year were as follows:

	2014	2013
Employer's contributions	$ 1,494	$ 1,492
Employees' contributions	830	778

11. RETIREMENT AND POST-EMPLOYMENT BENEFITS (continued)

Northern Employees Benefits Services (NEBS) Pension Plan

Eligible employees of member LHOs are covered by the Northern Employee Benefits Services (NEBS) Pension Plan, a contributory defined benefit plan. NEBS is a member owned, not-for profit, corporation that sponsors an insurance and health care benefits plan and a pension plan for public sector employees in the north. The employer and employee contribution rates effective at year end were both 8% (2013 – 8%). The Corporation's and employees' contribution to the NEBS Pension Plan for the year were as follows:

	2014	2013
Employer's contribution	$ 368	$ 293
Employees' contribution	368	293

The plan serves 1,700 Employee Members and 115 Employer Members. As of April 2004, the Office of the Superintendent of Financial Institutions (OSFI) exempted NEBS from compliance with the Pension Benefits Standards Act (PBSA). NEBS has agreed to voluntarily comply with PBSA until the plan can be registered under Territorial legislation. The Governments of the NWT and Nunavut passed the NEBS Pension Plan Protection Act in March 2009 which sets rules to protect Plan Members funds. Both governments have provided a commitment to introduce broader NEBS Pension Plan legislation in 2014. As of December 31, 2013 the plan had a pension plan fund balance in excess of actuarial calculations of $8,557.

Post-employment benefits

The Corporation provides leave, severance and removal benefits to its employees based on years of service and final salary. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Liability for leave, severance, and removal benefits is as follows:

	2014	2013
Accrued benefit obligation, beginning of year	$ 4,910	$ 4,757
Costs for the year	1,629	1,679
Benefits paid during the year	(1,344)	(1,526)
Accrued benefit obligation, end of year	$ 5,195	$ 4,910

12. FUNDING FROM CANADA MORTGAGE AND HOUSING CORPORATION

	2014	2013
Funding received from CMHC is recognized as government funding under the:		
Social Housing Agreement:		
Contributions for public housing rental subsidies	$ 10,227	$ 11,234
Contributions to non-profit housing sponsor groups and cooperatives	3,918	3,918
Repairs, maintenance and other costs	1,473	1,580
Agreement for Investment in Affordable Housing	1,840	1,840
Agreement for Incremental Construction Costs	33	25
Agreement for Energy Construction Monitoring	-	43
	$ 17,491	$ 18,640

Under the terms of the 1999 Social Housing Agreement with CMHC, the Corporation assumed full responsibility for the management of various public housing programs specified in the SHA. CMHC provides annual funding to the Corporation to manage these programs. The SHA and the funding expire in 2038.

On December 20, 2011 the Corporation and CMHC signed the Agreement for Investment in Affordable Housing. This $11 million three year agreement amalgamated two existing NWTHC/CMHC agreements (Housing Renovation Program Agreement and the Affordable Housing Agreement Extension). Funding under this agreement can be utilized under four specific NWTHC housing programs (CARE, PATH, HELP and Shelter Enhancement). The annual funding is cost shared with CMHC and the NWTHC each contributing $1.84 million per year for this program. Both parties to the Agreement provided a total of $5.5 million over the three year period from 2011/2012 to 2013/2014.

13. PUBLIC HOUSING PROGRAM

	2014	2013
Utilities, taxes and land leases	$ 24,833	$ 22,928
Repairs, maintenance and other costs	6,350	7,369
Salaries	12,181	12,248
Administration	1,609	1,993
Contributions for public housing	4,312	3,365
Leasing	2,597	2,948
Interest on long-term debt	856	1,094
	$ 52,738	$ 51,945

14. MARKET HOUSING PROGRAM

	2014	2013
Utilities, taxes and land leases	$ 1,376	$ 1,238
Repairs, maintenance and other costs	297	567
	$ 1,673	$ 1,805

15. SUPPORTED LEASE & HELP PROGRAMS

	2014	2013
Utilities, taxes and land leases	$ 1,069	$ 1,115
Repairs, maintenance and other costs	762	218
	$ 1,831	$ 1,333

16. ADMINISTRATION EXPENSES

	2014	2013
Salaries and benefits	$ 14,048	$ 13,392
Building and equipment rentals	1,899	1,760
Administration	1,090	402
Travel and relocation	1,035	544
Professional and special services	568	552
Computer services	433	400
Materials and supplies	244	201
Communications	211	222
Workshops and studies	77	49
Other expenses	-	30
	$ 19,605	$ 17,552

17. CONTRACTUAL OBLIGATIONS

The Corporation leases office space and rents supplemental public housing units and is committed to basic rental payments as follows. The leases contain escalation clauses for operating costs and property taxes, which may cause the payments to exceed the basic rental. Also included in the 2015 contractual obligations are construction commitments of $5,510 (2014 - $5,419).

	Total
2015	$ 8,817
2016	2,751
2017	2,239
2018	1,921
2019	1,298
After	5,676
Total	$ 22,702

18. CONTINGENCIES

The Corporation provided guarantees to banks in financing certain new or renovated residential housing construction. The Corporation has the authority to provide loan guarantees to a limit of $30,000 as established by the Financial Management Board of the Government of the Northwest Territories. As at March 31, 2014 a total of 25 (2013 - 28) loan guarantees were in effect, and the outstanding balance of loans guaranteed was $3,945 (2013 - $4,609). Five (2013 – seven) of these loans guaranteed with a total outstanding balance of $2,769 (2013 - $3,237) are secured by registered charges against real property.

Under the terms of the Social Housing Agreement with CMHC, the Corporation is responsible for the administration of a number of loans to third parties, where CMHC is the lender or insurer of these loans. The agreement provides that the Corporation shall indemnify and reimburse CMHC for and save it harmless from all losses, costs and expenses related to these loans. The outstanding balance of these third party loans as at March 31, 2014 was $22,476 (2013 - $24,282).

The outstanding balances represent the maximum amount of future loan principal payments under the guarantees and indemnities. In the event of default by the borrowers, the lenders could request payment from the Corporation. The obligation under loan guarantees as at March 31, 2014 is nil (2013 - nil).

19. SUBSEQUENT EVENT

On April 23, 2014, an agreement was signed between the Corporation and the Government of the Northwest Territories to transfer to the Corporation 838 lots in fee simple title. Consideration to be paid is $1 dollar, in accordance with the Government of the Northwest Territories Land Pricing Policy 21.01. The estimated fair market value of the lots is $18 million. The legal transfer of the lots is expected to occur over the next several fiscal years. Management is currently assessing the impact of this transfer to the financial statements.

20. FINANCIAL RISK MANAGEMENT

The Corporation's financial instruments consist of cash and cash equivalents, portfolio investments, accounts receivable, mortgages and loans receivable, bank indebtedness, accounts payable and accrued liabilities, loans payable to CMHC and obligations under capital lease and are measured at amortized cost. The Corporation has exposure to the following risks from its use of financial instruments:

a) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities. The Corporation manages its liquidity risk by regularly monitoring forecasted and actual cash flows. The Corporation does not believe that it will encounter difficulty in meeting its future obligations associated with its financial liabilities.

b) Credit risk

The Corporation is exposed to credit risk on its cash equivalents, portfolio investments, accounts receivable and mortgages and loans receivable.

Cash equivalents and portfolio investments

Credit risk on cash equivalents and portfolio investments arises from the possibility that the counterparty to the instrument fails to meet their obligations. In order to manage this risk, the Corporation only invests in high quality fixed income investments. The maximum exposure to credit risk is $60,420 (2013 - $54,189).

Accounts receivable

Credit risk on accounts receivable arises from the possibility that the customer fails to meet their obligations. In order to manage this risk, the Corporation monitors the age of accounts receivable and initiates collection action. The maximum exposure to credit risk is $5,854 (2013 - $4,484).

Mortgages and loans receivable

Credit risk on mortgages and loans receivable arises from the possibility that the borrower fails to meet their obligations. In order to manage this risk, the Corporation actively monitors mortgage and loan payments and works with borrowers to develop payment plans to resolve outstanding arrears issues. The Corporation developed the Mortgage Payment Plan to improve collections on mortgages in 2007. This ended in 2013 when a new program, the Revised Mortgage Approach was developed to determine new repayable loan amounts.

The maximum exposure to credit risk is $3,587 (2013 - $1,597).

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate in the future because of interest rate changes. The Corporation is exposed to interest rate risk primarily through its investment in fixed income investments. Fluctuations in interest rates can affect the fair value of the fixed income investments, as well as shift investor preferences among asset classes.

The Corporation does not face interest rate risk on its loans payable to the Canada Mortgage and Housing Association because these interest rates are fixed for the full term of the loans.

Interest rate risk is minimized by actively managing the duration of the fixed income investments.

						Carrying value	
Term	Within 1 year	1 to 2 years	2 to 5 years	5 to 10 years	Over 10 years	2014	2013
Portfolio investments	25,152	1,938	14,085	9,908	3,136	54,219	49,754

A 1% change in interest rates would change net investment income by $520 (2013 - $483).

21. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value of the Corporation's financial assets and liabilities is estimated as follows:

	2014		2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Portfolio investments	$ 54,219	$ 54,147	$ 49,754	$ 50,227
Loans payable to CMHC	8,110	10,103	8,609	10,968
Mortgages payable to CMHC	3,369	3,376	3,588	3,712
Obligations under capital lease	1,216	1,314	2,063	2,288

The fair values of the portfolio investments are their market values at March 31.

The fair value of loans and mortgages payable to CMHC is determined by applying the current yield for debt with a similar maturity date issued by the province of Newfoundland & Labrador and applying this yield to the Corporation's debt. This approach is used because the Government of the Northwest Territories does not issue debt and the province of Newfoundland & Labrador would be considered to have a similar risk profile.

The fair value of the mortgages and loans receivable is estimated to be the carrying amount due to the significant valuation allowances provided. The fair values of the cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts because of the short term to maturity.

22. RELATED PARTY TRANSACTIONS

The Corporation is related in terms of common ownership to all Government of the Northwest Territories created departments, territorial corporations and public agencies. The Corporation enters into transactions with these entities in the normal course of business, under terms and conditions similar to those with unrelated parties. Significant transactions with related parties and balances at year-end are disclosed separately in the consolidated financial statements and notes thereto.

23. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

24. BUDGETED FIGURES

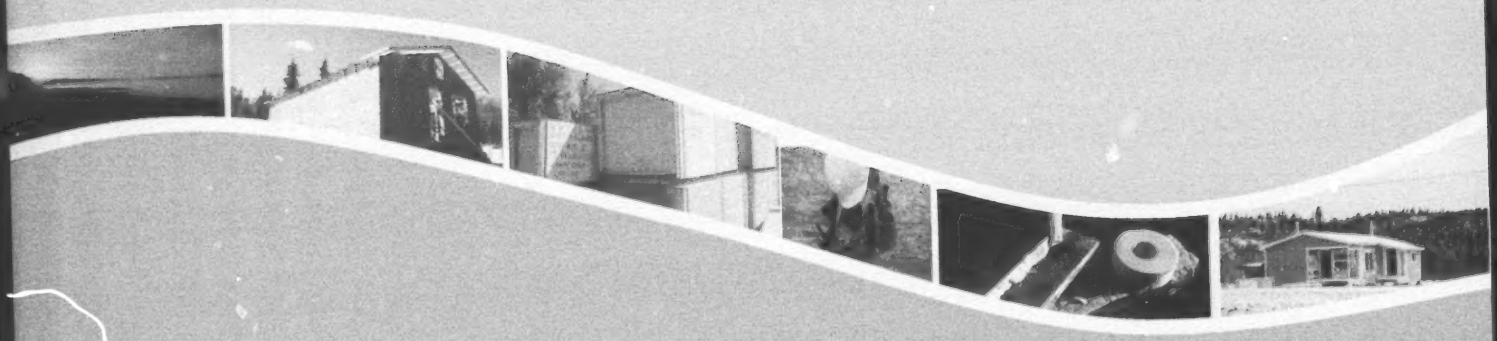
Budgeted figures have been provided for comparison purposes and have been derived from the Main Estimates approved by the Legislative Assembly.

NORTHWEST TERRITORIES HOUSING CORPORATION

Schedule A

Consolidated Schedule of Tangible Capital Assets
March 31, 2014
(all figures in thousands)

	Cost					Accumulated amortization				Net book value	
	Opening balance	Acquisitions	Disposals / transfers	Write-downs	Closing balance	Opening balance	Amortization	Disposals	Closing balance	2014	2013
Land and buildings:											
Land	5,895	486	-	-	6,381	-	-	-	-	6,381	5,895
Public housing	283,931	16,522	(3,029)	(693)	296,731	130,161	8,948	(2,445)	136,664	160,067	153,770
Market housing	12,015	389	(223)	(5)	12,176	4,664	374	(80)	4,958	7,218	7,352
Supported lease & HELP housing	59,790	2,499	(502)	(277)	61,510	13,406	2,404	(190)	15,620	45,890	46,384
Construction in progress	13,942	11,877	(19,630)	(136)	6,053	-	-	-	-	6,053	13,942
Sub-total	375,573	31,773	(23,384)	(1,111)	382,851	148,231	11,726	(2,715)	157,242	225,609	227,343
Property and equipment:											
Warehouses and offices	9,056	226	-	-	9,282	4,417	243	-	4,660	4,622	4,639
Office furniture and equipment	5,332	104	-	-	5,436	4,823	102	-	4,925	511	509
Mobile equipment	1,656	210	(39)	-	1,827	1,035	134	(8)	1,161	666	620
Software	105	9	-	-	114	-	10	-	10	104	105
Leaseholds	728	-	-	-	728	695	33	-	728	-	34
Sub-total	16,877	549	(39)	-	17,387	10,970	522	(8)	11,484	5,903	5,907
Total	392,450	32,322	(23,423)	(1,111)	400,238	159,201	12,248	(2,723)	168,726	231,512	233,250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